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Vietnam devalues its currency

Vietnam devalued its currency, the dong, by 5.44% against the U.S. dollar, while also increasing interest rates in a bid to damp rising inflation.

*By **James Hookway** in Hanoi and **Alex Frangos** in Hong Kong*

The country's central bank raised its benchmark interest rate by one percentage point to 8%, effective Dec. 1.

Wednesday's devaluation—Vietnam's third since June 2008—reflects strains on the economy caused in part by aggressive stimulus spending and low foreign reserves. It also highlights differences between Vietnam and its regional neighbors.

Vietnam is one of the only economies in Asia with both a fiscal budget deficit and a current-account deficit, a combination that puts pressure on the dong to weaken. Except for China, the region, along with other emerging markets such as Brazil, has seen its currencies strengthen this year as countries attract inflows of foreign capital.

It isn't clear how deeply the latest devaluation affects the rest of Asia. In theory, other trade-dependent nations in the region could potentially see their exports undercut by cheaper Vietnamese competitors, especially as currencies such Thailand's baht and Malaysia's ringgit continue to appreciate, said Tim Condon, head of Asian research at ING in Singapore. Already, regional officials are complaining about the effect on their exports as their currencies rise against China's yuan, which remains steady against the dollar.

Thai Finance Minister Korn Chatikavanij said in a telephone interview that Thailand might see "a marginal impact" on its textiles and garments industries following Vietnam's devaluation, but the government doesn't anticipate a specific

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India marks the Mumbai assault on the eve of its one-year anniversary

Reuters

A Pakistani court indicted seven members of the Islamist militant group allegedly behind last year's attack on Mumbai. Above, students in Chandigarh hold a vigil. **Page 6**

China limits speculation in forex deals

By James T. Areddy And Denis McMahon

SHANGHAI—China's foreign-exchange regulator tightened existing rules governing cross-border money transfers by individuals, in its latest effort to crack down on speculative capital flows even as pressure mounts on authorities to loosen control over the currency.

The latest measures from the State Administration of Foreign Exchange are designed to ensure individuals don't act as proxies in elaborate foreign-exchange deals that circumvent existing limits. In a statement, posted on its Web site Wednesday but dated Nov. 19, the agency said it is limiting the number of bank accounts owned by individuals that can be used in certain foreign-exchange transactions.

The measures are meant to address "unusual foreign-capital flows using individual [accounts] to enter the country, to strike at the foreign-exchange black market and underground banks and to protect the order of the foreign-exchange market environment," SAFE said in a separate statement.

The new move doesn't relate directly to the yuan's exchange rate—an increasingly

Please turn to page 18

Debt delay saps faith in Dubai

By Chip Cummins

DUBAI—This debt-laden city-state said Wednesday it would restructure its largest corporate entity, **Dubai World**, a conglomerate spanning real estate and ports, and announced a six-month standstill on the group's debt.

The surprise move quickly sapped investor confidence in Dubai's ability to pay down its large debt load, sharply increasing the price of insuring against a default. It also represents the most significant fallout so far in the city-state's yearlong economic crisis, triggered by a collapse in its once-booming real-estate sector late last year.

The government of Dubai said it appointed Deloitte LLP to spearhead the restructuring effort, naming an executive at the consultancy as the group's "chief restructuring officer." The move appeared to sideline, at least for the time being, the company's current management team, which had launched an internal corporate restructuring earlier this year.

Associated Press

Dubai World's real-estate subsidiary, Nakheel, built the emirate's iconic palm-tree-shaped island, packed with luxury villas and hotels.

Government officials, company executives and company spokespeople weren't available for comment Wednesday. Sultan Ahmed bin Sulayem, Dubai World's longtime chairman and a top lieutenant to Dubai's hereditary ruler, Sheikh Mohammed bin Rashid Al Maktoum, didn't respond to an email request for comment.

A spokeswoman for the Dubai government's Department of Finance, which issued the statement, said Mr. Sulayem and the rest of the current management team would remain in place and would be working with Deloitte.

Dubai World executives have "actually been trying to restructure themselves for awhile, and the Dubai government decided it needed to take a more proactive role," the spokeswoman said late Wednesday.

The government said its Financial Support Fund, a fund

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What's News—

* * *

Business & Finance

■ **The Japanese yen reached** a 10-month high against the dollar in Europe trading, posing more challenges to Japan's export-dependent economy even as it posts improving trade figures. Also helping the yen was a continuing sense that the U.S. will keep interest rates low for a while. **3**

■ **The philanthropic trust** overseeing Hershey has sought the blessing of the Pennsylvania attorney general for a potential $17 billion bid for Cadbury. **19**

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■ **Toyota will fix** the gas pedal on four million vehicles it recalled in September over sudden acceleration issues related to floor mats causing the pedal to get stuck. **20**

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■ **China Metallurgical Group** and nickel miner Minara Resources are expected to launch a joint bid for BHP Billiton's idled Ravensthorpe nickel mine in Australia. **20**

■ **Before U.S. authorities began** wiretapping hedge-fund manager Raj Rajaratnam, they were already interviewing him about another topic of interest: a hedge fund run by his brother, Rengan. **25**

■ **AIG's chief executive** reiterated to the company's board his commitment to the government-controlled insurer and signed a noncompete agreement. **25**

AFP/Getty Images

The heaviest rain to hit Islam's annual hajj pilgrimage in years soaked the faithful and flooded the road to Mecca, snarling traffic as millions of Muslims headed for the holy sites. The downpours added an extra hazard on top of concerns about the spread of swine flu. Above, pilgrims seek cover as rain streams down a road in the city.

■ **Stocks in the U.S.** rose slightly amid mostly better-than-expected economic data. Asian stock markets ended mostly higher. **29**

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* * *

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■ **Vietnam's National Assembly** approved a resolution to build two nuclear-power plants, signaling the nation's desire to become Asia's next nuclear-energy supplier. **3**

■ **Pressure increased** to bring those behind the election-related killings in the southern Philippines to justice, as the death toll hit 57. **4**

■ **A Pakistan court** indicted seven men allegedly behind the Mumbai attacks, a day before India marks the one-year anniversary of the assault that killed 166. **6**

■ **Kabul is raising** police salaries, with the U.S. and others footing the bill, to rein in corruption and draw recruits. **8**

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With plenty of parallels, can the U.S. learn from Australia's climate-change bill?

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WORLD NEWS

Yen reaches 10-month high vs. dollar

Japan's trade figures improved in October, but a strong currency won't help country's export-dependent economy

By Andrew Monahan And Alex Frangos

The yen reached a 10-month high against the dollar in midday trading in Europe, posing additional challenges to Japan's export-dependent economy even as its posts improving trade figures.

The dollar was down more than 1% to 87.60 yen, breaking through the symbolic 88-yen level where investors had placed large hedging bets against the yen. Its strength wasn't limited to the dollar; the euro lost almost half a percent to 131.93 yen.

Investors bought yen as Japan reported that exports rose on a seasonally adjusted monthly basis, boosting hopes for a more solid economic recovery. Also helping the yen was a continuing sense that the U.S. will keep interest rates low for an extended period. The lack of interest-rate differential between Japan and the U.S. generally helps the yen as it damps demand among Japanese investors for U.S. assets.

"This is a capitulation of yen bears," said David Woo at Barclays Capital in London, citing the large numbers of investors who have been betting that Japan's weak fiscal position would undermine the yen following its recent run-up. "Every hedge fund I have spoken to in the last month or two has talked about Japan's growing budget deficit and its vulnerability to a downgrade," he added.

The yen has been bolstered in recent months by the parallel drop in the dollar as investors leave that traditional haven and seek higher-yielding investments elsewhere.

A higher yen makes Japan's exports more expensive elsewhere. It also reduces the value of profits generated overseas. It hit a high for the year in January, when a dollar bought 87.10 yen.

The rise follows Wednesday's release of Japan's merchandise trade balance data, which showed its largest surplus in 19 months in October, as stronger Asian demand for steel, semiconductors and electronic components led a continued recovery in exports. Continued weakness in Japanese imports, however, highlights concerns about the domestic economy.

The Ministry of Finance said the October trade balance marked a 807.1 billion yen surplus, up from a 75.2 billion yen deficit in October 2008, and beating market expectations for a 460.9 billion yen surplus. Exports outpaced imports for the ninth straight month.

Analysts said the rebound in Asian and other overseas economies augurs well for continued recovery in Japan's export-dependent economy, the world's second-largest after the U.S. While exports have yet to recover to preglobal financial-crisis levels, the recent improvement has been encouraging.

October exports stood at 5.309 trillion yen, down 23.2% at October 2008, the 13th straight month of decline. That compared with a 30.6% fall in September to 5.110 trillion yen. Seasonally adjusted, exports rose 2.5% month-to-month.

"There is no mistaking that the figures have been solid these past two months" after September's 525.29 billion yen trade surplus, said MOF customs counselor Seiji Matsuda. "Exports to Asia have been getting comparatively stronger," he said. *—Miho Nakauchi contributed to this article.*

Nuclear-power plans advance in Vietnam

By Vu Trong Khanh And Patrick Barta

HANOI—Vietnam's National Assembly approved a resolution to build two nuclear-power plants, signaling Vietnam's desire to become Asia's next nuclear-energy supplier.

The move doesn't amount to a final approval. Officials still must work out details—including the plants' exact location—before they obtain a final greenlight from Prime Minister Nguyen Tan Dung. Timing for that step remains unclear.

But the move underscores the government's determination to move ahead with the country's first nuclear projects despite concerns among some residents and outside analysts that Southeast Asian nations aren't yet ready to handle the cost and complexity of nuclear-power facilities. The two plants are expected to cost 200 trillion Vietnamese dong ($11.3 billion), the government said—a hefty price at a time when Vietnam just devalued its currency and faces rising debt payments.

Several other countries in the region, including Indonesia and Thailand, have signaled interest in building nuclear-power plants to remedy growing shortfalls in electricity supply, and to wean the region from its reliance on dirty-burning coal.

But analysts are questioning whether Southeast Asia—comprised of densely populated countries with relatively low per capita incomes and in some cases unstable governments—has sufficient regulatory capacity to monitor sites and ensure their safety. The region is prone to natural disasters because of its location along geologic fault lines and the number of typhoons that batter the area. Regional leaders are fearful of accidents or difficulties in storing waste that could cause problems in neighboring countries.

Southeast Asian leaders "should start thinking about the consequences" of multiple countries pursuing nuclear energy, says Rodolfo Severino, a researcher at the Institute of Southeast Asian Studies in Singapore. "If we wait until these things are on the drawing boards already, it may be too late." He says leaders should consider establishing a Southeast Asia-wide treaty to govern nuclear-power projects.

Attempts to reach Vietnamese officials to comment on its regulatory oversight of the projects were unsuccessful.

Past efforts to develop nuclear power in Southeast Asia have failed. The Philippines, for instance, built a $2 billion, 620-megawatt nuclear power plant in 1984 in Bataan province north of Manila, but never used the facility—located in a seismically active area—amid concerns about safety and allegations of corruption in the construction. The busted project saddled the government with hefty interest payments for years to come.

Vietnam will try to build the two plants, each with a capacity of 2,000 megawatts, somewhere in the southern province of Ninh Thuan, said Vuong Huu Tan, director of the Vietnam Nuclear Energy Institute.

AFP/Getty Images

A backhoe in Maguindanao lifts a mangled vehicle from a grave on Wednesday in the southern Philippines. Investigators are trying to recover bodies of victims of Monday's election-related violence.

Death toll in Philippines climbs to 57

Arroyo declares day of mourning for victims of election-related attack; investigators aim to question local political clan

By James Hookway

Pressure grew on President Gloria Macapagal Arroyo on Wednesday to bring to justice the perpetrators of a massacre in the southern Philippines as investigators raised the death toll to 57 people.

Mrs. Arroyo promised a comprehensive search for the killers, but analysts said it could take much longer to tackle the culture of violence endemic in the south of the country. Among the challenges: Curbing the power of politically connected clan leaders whom successive governments have deputized to constrain Muslim and communist insurgencies there, but who investigators say they believe instigated Monday's slaughter.

No suspects have been arrested in connection with the abduction and killing of a local politician's supporters and media entourage. The group was traveling to register the politician, Vice Mayor Ismael Mangudadatu, as a candidate for governor of Maguindanao province in May's election.

Investigators say they are questioning witnesses and searching for members of local militias and a rival clan to the Mangudadatu family in connection with the deaths, which have raised widespread concern about the security of next year's national and local polls.

United Nations Secretary-General Ban Ki-moon and a number of human-rights groups urged Mrs. Arroyo to swiftly bring the attackers to justice. Mr. Ban condemned the "heinous crime" and said he hoped "no effort will be spared to bring justice and to hold the perpetrators accountable."

Kristie Kennedy, the U.S. ambassador in Manila, said, "We strongly believe that a thorough, rapid, and transparent investigation must be conducted, and those responsible must be brought to swift justice."

The dead include relatives of Mr. Mangudadatu—who said he didn't travel with the convoy because he received death threats—and 18 Filipino journalists covering his campaign, making Monday's massacre the worst single attack on journalists, according to Paris-based Reporters Without Borders.

Mrs. Arroyo declared Wednesday a national day of mourning for the victims. "This is a supreme act of inhumanity that is a blight on our nation," she said. "The perpetrators will not escape justice. The law will haunt them until they are caught."

Local officials in Maguindanao recovered 11 more bodies from shallow graves on Wednesday, bringing the total found to 57. Regional police commander Josefino Cataluna said investigators found a car and van buried in one of the graves, the Associated Press reported. They had been crushed by a backhoe that apparently was used to hide evidence of the massacre.

Investigators say they plan to question members of a local family, the Ampatuans, a rival political clan to the Mangudadatus.

Members of the Ampatuan family couldn't be reached to comment.

Clan leader and former provincial governor, Andal Ampatuan Sr., is a member of President Arroyo's political party. In past elections, the Ampatuan family has campaigned for Arroyo-backed politicians in local campaigns.

Getty Images

Mourners in the southern Philippines city of Koronadal light candles Wednesday to honor those slain during election-related violence this week in a nearby town.

Presidential adviser Jesus Dureza said he met Tuesday with Mr. Ampatuan, who assured him the family would cooperate in the investigation.

Investigators say they are examining witness reports that placed Mr. Ampatuan's son, Andal Ampatuan Jr., at the scene of the crime, along with local police officers and militiamen. Four police commanders in Maguindanao have been dismissed and confined to their barracks as the probe continues, national police chief Jesus Versoza said Tuesday.

Mr. Mangudadatu planned to run against the younger Mr. Ampatuan in May's election. The Mangudadatu family also has helped to campaign for progovernment candidates in the region, Mrs. Arroyo's press secretary, Cerge Remonde, said Tuesday.

For many Filipinos, the test for Mrs. Arroyo is how to reduce the clout of provincial power-brokers such as the Ampatuan and Mangudadatu families and minimize the risk of similar violence before the elections.

The southern Philippines is one of the most violent areas in Asia, riven by religious conflicts, a Muslim secessionist movement and a communist insurgency. Successive governments in Manila have relied on local clan leaders to deliver votes and to help limit the growth of the rebel movements, and have armed local militias to assist the police. Political analysts say these militias sometimes come under the sway of warring clans, breeding further violence.

Julkipli Wadi, an Islamic studies professor at the University of the Philippines and an expert on the region, said, "Governments have relied on clan leaders to deliver votes for years. It's difficult to see that changing before the next elections."

The speaker of the Philippines' House of Representatives, Prospero Nograles, warned that if police don't quickly disarm local militias, retaliatory killings could lead to a full-blown clan war. On Tuesday, Mrs. Arroyo declared an indefinite state of emergency in Maguindanao and neighboring Sultan Kudarat provinces, as well as nearby Cotabato City, to enable the army to help police track down the killers.

WSJ.com

Online today
See photos from a vigil for the victims and from the mass graves at **asia.WSJ.com**

China plans to raise imports of natural gas

By David Winning

China plans new imports of liquefied natural gas to alleviate widespread shortages, a senior government official said, part of emergency measures to address an unexpected cold snap that is straining the country's already tight gas supplies.

PetroChina Co., China's biggest oil producer by volume, will import at least 700 million cubic meters of LNG from the spot market, Zhang Guobao, director of the National Energy Administration, was quoted as saying by Chinese television Wednesday. That is more than China imported in October. PetroChina and the country's two other big state-owned oil companies are also increasing production of gas and shifting supplies to urban residents from industrial users.

Natural-gas demand has soared in recent weeks due to low temperatures, rain and unusually early snowfall since the start of November. That has triggered severe tight supplies of gas—widely used for heating and cooking—in cities from Wuhan in central China to Chongqing in the west to Nanjing near the east coast.

Some Chinese cities have already started curtailing gas supplies to certain businesses. The government of Hangzhou, a city of more than six million people west of Shanghai, stopped natural-gas supplies to entertainment businesses this past weekend, and reduced supplies to hotels, office buildings and shopping malls by 20%, the state-run Xinhua news agency said.

The peak season for gas consumption in China is usually December to January, during which northern China is expected to face a gas shortfall of eight million cubic meters a day, and southern China will be short five million to six million cubic meters a day, an official from **China National Petroleum** Corp., PetroChina's parent company, said this week.

The National Development and Reform Commission echoed those concerns, saying that gas shortages will likely persist in the near future despite emergency measures.

The planned new imports far exceed China's total LNG imports in October, which amounted to 433,946 metric tons, or about 570 million cubic meters, according to customs data. The imports would be the first for PetroChina, which is building several LNG-receiving terminals but hasn't completed any yet. To accommodate the planned shipments, PetroChina will lease a Shanghai LNG liquefied natural-gas terminal from China National Offshore Oil Corp., another of the big three oil companies.

The LNG from those shipments will be supplied to Shanghai and key export manufacturing provinces of Zhejiang and Jiangsu, as well as Fujian province in the southeast, according to Mr. Zhang of the National Development and Reform Commission.

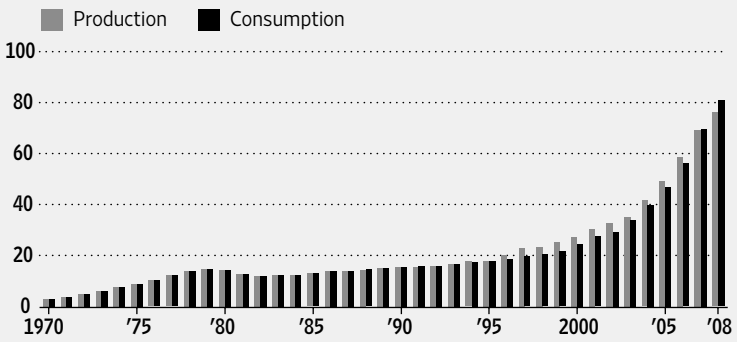
PetroChina is also raising gas supplies through pipelines to the domestic market to as much as 200 million cubic meters a day, its parent company said in its official newsletter.

China's West-East pipeline is shipping gas at a rate of 17 billion cubic meters a year, or 46.6 million cubic meters a day, even though its designed annual capacity is only 12 billion cubic meters, China National Petroleum said.

—Jing Yang and Wan Xu contributed to this article.

Burning up

China's gas demand has soared in recent years due to cheap prices and a government push for cleaner-burning fuel. Natural-gas production and consumption in China, in billion cubic meters:



Source: BP Statistical Review of World Energy 2009

Reuters

China is increasing imports of liquefied natural gas in a bid to ease widespread shortages this winter. Above, a worker moves a canister of compressed gas.

26.11.09

THERE ARE NO HANDBOOKS FOR FACING TRAGEDY. THERE ARE NO SCHOOLS FOR LEARNING TO LIVE WITH LOSS. BUT WITH EVERY CHALLENGE THERE IS AN OPPORTUNITY FOR DISCOVERY. WITH EVERY SADNESS THERE IS A CHANCE FOR INNER GROWTH. THESE LESSONS WERE BROUGHT HOME THIS PAST YEAR WHEN SO MANY REACHED OUT TO US IN SO MANY WAYS. TO OUR LOYAL GUESTS AND MANY FRIENDS AROUND THE WORLD; TO THE COURAGEOUS STAFF OF THE TAJ, SOME OF WHOM WE HAVE LOST; TO THE SECURITY FORCES, POLICE, AND FIREMEN; TO THE CITY OF MUMBAI, WE OFFER OUR HEARTFELT GRATITUDE. TODAY WE TAKE A STEP FORWARD. TOMORROW WE'LL TAKE MANY MORE.

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WORLD NEWS: MUMBAI ATTACKS, ONE YEAR ON

India grapples with security fears

Improvements evident but not enough; shortfalls seen in maritime patrols, police: 'We are just as vulnerable as before'

One year after 10 young men arrived by fishing boat from Pakistan to terrorize Mumbai, many Indians are feeling less secure about their government's ability to protect them.

*By **Peter Wonacott** in New Delhi and **Geeta Anand** in Mumbai*

The date 26/11 in India—like 9/11 in the U.S—has become synonymous with a national trauma. Yet India has been slow to plug holes in national security that were exposed by the attack, security analysts say, as New Delhi wrangles with state governments over how to fill massive shortfalls in maritime patrols, intelligence manpower, and police staffing and capability.

"We are just as vulnerable as before, because the deficits in security are so great," says Ajai Sahni, executive director at the Institute for Conflict Management, a New Delhi think tank.

Home Secretary Gopal Pillai, one of India's top security officials, asserts that the country's terrorism defenses have improved, but acknowledges that much more work needs to be done. "We are better prepared, yes, but can we prevent anything?" Mr. Pillai asks, pausing. "We've managed to prevent some attacks," he says.

But to some, the long coast off the city of Mumbai seems more menacing than ever. "You just know that anybody can land there and disappear," says Sonali Goculdas, a 40-year-old Mumbai resident.

Last year's attacks were an eye opener for India. While a 1993 series of bomb explosions in Mumbai killed more people, 26/11 jolted the entire country into feeling that no one was safe.

Among the targets, the Taj and Oberoi hotel complex was popular with the India's elite and foreign visitors, and a signpost of the country's growing affluence. A train station held crowds of commuters who powered an economic boom. A tucked-away Jewish center hinted at the religious diversity at Mumbai's heart.

Associated Press

Members of a new Indian elite commando force carry out a drill during an inauguration ceremony in Mumbai on Tuesday.

Live television coverage magnified the tragedies and missteps. The attacks went on for about 60 hours; the attackers killed 166 people, and nine of the 10 gunmen died.

In the emotional aftermath, Home Affairs Minister P. Chidambaram announced a series of new security measures and told Parliament: "Given the nature of the threat, we cannot go back to 'business as usual.' "

Some analysts say the Indian response, however, hasn't been as dramatic as hoped.

In the U.S. after 9/11, "There has been a pan-government effort to rethink how we do terrorism," says C. Christine Fair, a South Asia security specialist at Georgetown University in Washington. "Mumbai hasn't had that effect in India."

Mr. Pillai, the home secretary, predicts it will take five or six years to build the security infrastructure the nation needs.

In the past year, Mr. Pillai says, India has set up a national antiterrorism investigation team. A group of high-ranking officials—including Mr. Pillai, the home affairs minister and various heads of Indian security agencies—meet daily for an intelligence briefing. Antiterrorism legislation has been tightened so that suspicious financial transactions can be monitored more easily and terrorism suspects can be held longer without bail.

Mr. Sahni, the Indian terrorism expert, says the central government's leverage is limited because it can allocate money but can't force states to spend it. In recent months, he says, some Indian states have been diverting police funds and manpower to fight what is viewed in those areas as a more urgent threat: armed Maoist rebels who occupy territory in several Indian states and have kidnapped police officers and hijacked trains.

Another big challenge has been recruiting and training new security personnel. India's Coast Guard aims to expand its forces threefold by the year 2022, according to a spokesman. Mr. Pillai, the home secretary, says the agency that handles domestic intelligence is hiring 2,000 additional agents. State police across the country are recruiting 80,000 people a year to fill a 300,000-officer shortfall, he says.

Yet the drive to hire security personnel has created a severe shortage of people to train them. The government has been pulling out of retirement former police, military officers and others who, Mr. Pillai says, "know how to set up an obstacle course." Less than one-third of the 20 antiterrorism police-training centers promised last year are operational.

The search for talent is likely to be an uphill struggle, says Vikram Sood, who served as chief of India's spy agency, the Research and Analysis Wing. As the Indian economy has taken off, government agencies have suffered in the competition with the private sector.

"A government job is not what people aspire to," says Mr. Sood.

In Mumbai, much scrutiny has focused on the local police, many of whom were called into action with bamboo canes and bolt-action rifles to combat terrorists armed with assault weapons and grenades. Sixteen police and two national guardsmen died in the attack.

The city now has 39 new bullet-proof "combat mobiles," and officers have 1,300 new semiautomatic weapons, according to Deven Bharti, additional commissioner in Mumbai Police's crime branch. Mumbai has brought in Russian and Israeli experts to train 600 officers in commando-style skills.

"If something happens again, we can retaliate in a much better way. We can finish them off in half an hour," Mr. Bharti said.

Meanwhile, only a third of the 128 high-speed patrol boats that the government wants to patrol 7,500 kilometers of coastline are on the water due to procurement problems, according to Mr. Pillai. Local environmental and property regulations, he adds, have tripped up plans to add more coastal police posts.

The Oberoi Group, which runs the hotel complex, has increased security exponentially since the terrorist attacks, say representatives for both hotel groups.

Pakistan court indicts 7 for Mumbai attack

By Zahid Hussain

ISLAMABAD—A day before India marks the one-year anniversary of the assault on Mumbai, a Pakistani court Wednesday indicted seven members of the Islamist militant group supposedly behind the attack.

The proceedings against seven alleged Lashkar-e-Taiba operatives mark the first time Pakistan is trying its own citizens for an act of terror committed abroad. The move could help ease tensions with India, which has demanded a broad crackdown on Lashkar.

The U.S., too, has pressed Pakistan to take strong action against the group, and Pakistani officials say they are committed to seeing it dismantled.

Many of Lashkar's thousands of members are still operating in Pakistan, U.S. and Indian officials say. But many people in Pakistan dismiss Lashkar's role in the attack, which killed 166 people.

In a sign of security concerns and sensitivities in Pakistan, the trial is being held behind closed doors at the Adiala prison outside Islamabad, and lawyers have been ordered to not publicly detail its progress.

The case got under way Wednesday after months of delays. The brief session saw the suspects formally charged under Pakistan's antiterrorism laws, although lawyers for the accused said they were prohibited from specifying the exact charges.

"All of them pleaded not guilty, saying the charges were not supported by evidence," said Shabaz Rajput, a defense lawyer.

After hearing the pleas, the judge adjourned the proceedings until Dec. 5.

The suspects include two men that Pakistani and Indian officials say played a key role in plotting the attack: Zaki ur-Rehman Lakhvi, Lashhar's alleged operations chief, and Zarar Shah, a senior member of the group.

EPA

Pakistani soldiers moved Wednesday to the Khyber tribal district near the Afghan border, where the army has an operation against Islamic militants.

Pakistani investigators say they have found substantial evidence of how Lashkar trained the 10 Mumbai attackers in various parts of Pakistan, financed the operation and set up communications to stay in contact with the men during the attack.

Not on trial, however, is the founder of Lashkar, Hafiz Mohammed Saeed, who Indian officials say was the attack's true mastermind.

Mr. Saeed, who says he runs a charity, has been in and out of house arrest in Pakistan since the attack. Pakistani officials say India hasn't provided enough evidence to try him.

Indian Prime Minister Manmohan Singh, on a visit to Washington, said he welcomed every step Pakistan took to bring the Mumbai attackers to justice.

Nine of the actual terrorists were killed by Indian security forces. The sole captured attacker is now on trial in Mumbai, where he has confessed to his role. He has also said that Messrs. Lakhvi and Shah helped to train the attackers and plot the assault, which targeted luxury hotels, a train station, a hospital, a Jewish center and other sites in Mumbai for three days.

Families mourn, and seek peace

After tragedy, some survivors 'celebrate life'

By Geeta Anand

MUMBAI—On the first anniversary of the terrorist attack here in which her husband and 13-year-old daughter were killed, Kia Scherr plans to host an online forum that promotes forgiveness and peace.

Mrs. Scherr, who lives near Charlottesville, Va., is a co-founder of the One Life Alliance, the organization she has started in response to the loss of her daughter, Naomi, and husband, Alan. They were part of a 25-person meditation group visiting India and staying at the Oberoi-Trident hotel complex when the terrorists struck.

She and many others whose lives were most intimately affected have tried to create something meaningful out of their grief in the year since the attacks, in which terrorists killed 166 people at hotels, a train station, a Jewish center and a café. Among the dead were Indians and foreign nationals, bankers, waiters and street vendors—as well as 16 police officers and two members of the national guard.

"We could choose the terrorists' hateful emotions and be hateful," says Mrs. Scherr, 53 years old. "I'd rather choose love, compassion and forgiveness."

Mrs. Scherr, who had stayed behind in the U.S., watched from a family member's home in Florida as the horror unfolded on television that weekend of the American Thanksgiving holiday, not knowing if her husband and daughter had survived. "I tried to imagine hopeful scenarios, but as time went on there was a sinking feeling," she said.

Shagun Kapur Gogia, a 34-year-old partner at a private-equity firm in Mumbai, says her family also has tried to stay positive. Her father, Ashok Kapur, the nonexecutive chairman of the Indian banking company Yes Bank Ltd., was shot dead in the Oberoi-Trident.

"I lost a lot that day—my dad was my mentor, my friend, the guy I could joke with, the guy who would give me an unbiased opinion on anything," Mrs. Gogia says.

She says her family has kept alive the memory of Mr. Kapur by starting a foundation to help the underprivileged pay for education, which was her father's passion. She says she is forever changed. "I now celebrate life much more, grab on to the wonderful moments," she says.

Deepak Bagla, director of private equity at the London-based 3i Group PLC, says living through the attack "was like doing 100 years of yoga."

Mr. Bagla was dining at the Oberoi-Trident, but the table he had reserved had been given away because he was late. He and a colleague decided to take a table near the kitchen instead. When the terrorists appeared, he and his colleague dashed into the kitchen and upstairs to his 12th-floor room.

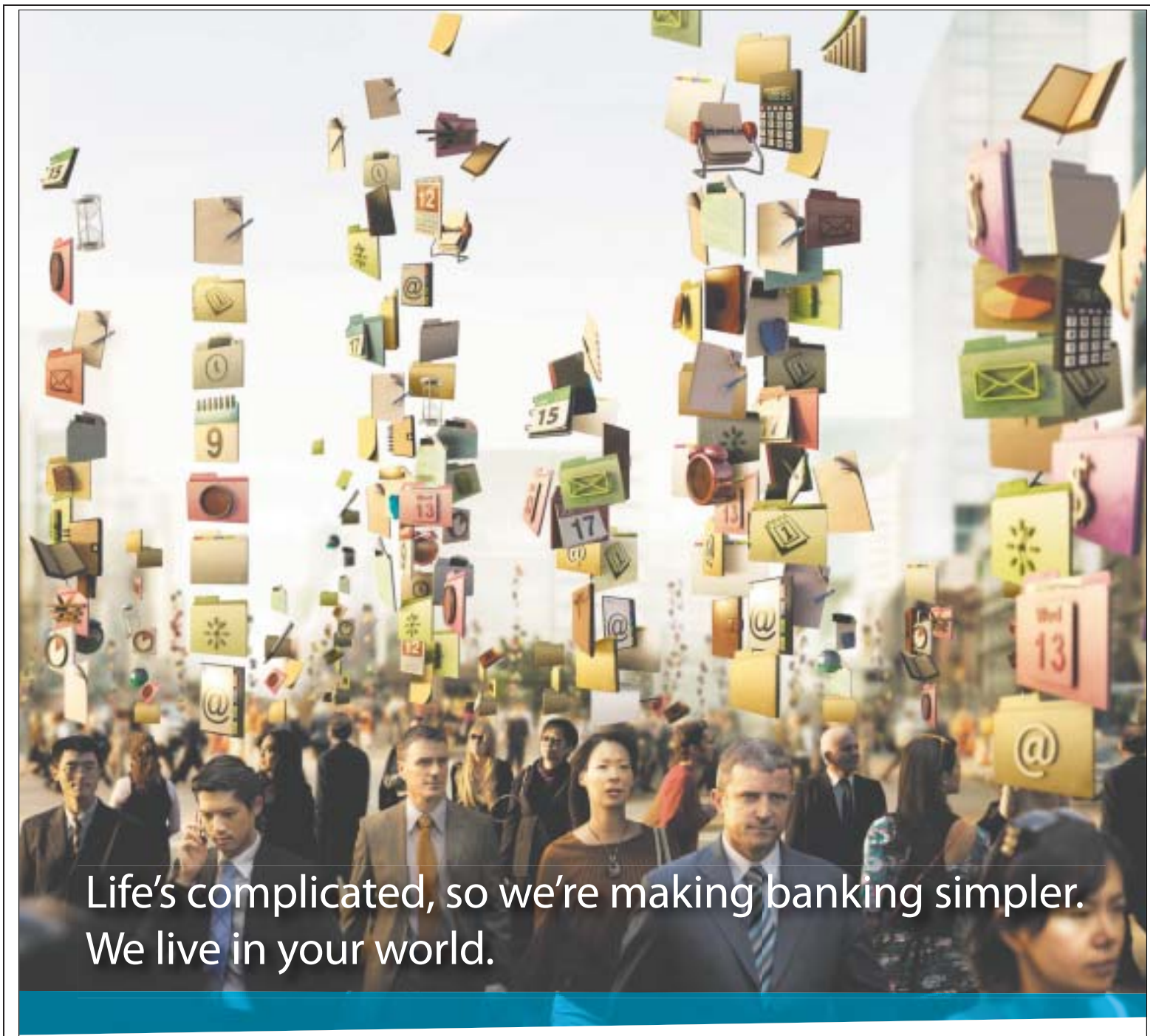
For the next 40 hours, their room shook many times from the force of the bombs the terrorists unleashed. At one point, the room filled with smoke, and he was certain death was imminent.

"Being almost certain you are going to die really clears your mind. It removes all the clutter. It tells you everything you've been carrying, the negativism, the grudges, how meaningless they all are," he says. "When you've tasted the finality of life multiple times, you realize that all that matters is being with your loved ones. I thought and thought of my wife and my two sons."

Farhang Jehani, 46 years old, a partner at Café Leopold, a hip tourist hangout where the terrorists killed eight and injured 15, sent a message of defiance by reopening four days after the rampage. "You learn that life goes on," he says on a day the place was filled for lunch. He has left the bullet holes in the front glass and the walls because, he says, they are part of the city's history. "We are a symbol of not giving up, of the spirit of Mumbai."

Sanjit Das for The Wall Street Journal (2)

Farhang Jehani, left, chose to preserve bullet holes left by the 2008 Mumbai attack in the glass and walls of his Leopold Café.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Afghan surge targets key Taliban city

U.S. will concentrate extra forces in Kandahar region; President Obama is expected to unveil new strategy next week

By Michael M. Phillips

KANDAHAR, Afghanistan—Allied commanders in Afghanistan say they will devote the majority of the fresh troops expected from the U.S. to securing the country's troubled south and will especially target this volatile city, the Taliban's main power base.

President Barack Obama will announce his revamped war strategy in an address on Tuesday at the U.S. Military Academy at West Point. He is widely expected to adopt a plan that sends about 30,000 more troops to bolster a flagging military campaign and the 68,000 U.S. troops now fighting it. The White House says he'll make clear the U.S. war effort won't be indefinite.

But even before Mr. Obama takes his case to the public, military commanders on the battlefield are ready to implement a plan that makes a defensive ring around Kandahar a linchpin of the fight to come. No matter how many troops the president decides to authorize, the Kandahar campaign will be an early, large-scale test of U.S. Gen. Stanley McChrystal's plan of refocusing allied military, political and economic efforts on population centers and away from sparsely peopled rural areas.

The new commander of coalition forces in southern Afghanistan, British Maj. Gen. Nick Carter, and his staff detailed how they will put the McChrystal approach into action, in interviews with The Wall Street Journal: They plan to mass thousands of troops now scattered around the south and pack them into a tight cordon around the outskirts of Kandahar city.

At the same time, the coalition plans to pour economic, police and political assistance into the urban core to try to persuade residents that the Afghan government serves them better than the Taliban alternative. "We have to regain the initiative, and we have to get some momentum going," said Gen. Carter.

As Gen. McChrystal's team scrambles to reverse Taliban gains in Kandahar, they will also dispatch thousands of American soldiers to secure the major highways that pass through the city to Pakistan and southern Afghanistan.

As soon as this weekend, officers expect to order the fast-moving armored Stryker Brigade to devote itself full time to securing roads plagued by hidden bombs and illegal checkpoints run by insurgents, bandits and corrupt police.

Commanders say the Kandahar campaign will force them to pull troops away from less-urgent fights. "There's no slack out there," said U.S. Brig. Gen. Frederick "Ben" Hodges, director of operations in the south. "Additional forces—I need them big time. I can't dominate all of the places I want to dominate."

Thousands of the new troops also would likely be deployed to expand the Kandahar approach to the most densely populated districts of the Helmand River Valley in neighboring Helmand province. Together, the two areas contain about two million of the estimated three million residents of southern Afghanistan.

The new southern strategy is an explicit recognition that a move this past summer to position a few thousand Canadian and U.S. troops outside Kandahar failed to stop insurgents from infiltrating the city.

For years the coalition paid little attention to the city, despite a huge allied presence at the airfield outside town. That neglect allowed the Taliban, whose Islamist movement was born in Kandahar, to again make inroads.

Insurgents have intimidated residents with threats and bombings and set up rudimentary courts to adjudicate local disputes—a direct challenge to the government's right to control the instruments of justice.

Gen. McChrystal's urban strategy has its detractors, among them Arturo Munoz, a senior political scientist at Rand Corp. "Retreating from rural areas to focus on populated areas would put us in the same position as the Russians at the end of their failed campaign" in Afghanistan a generation ago, Mr. Munoz wrote in an email. "They held the cities, but the insurgents held the countryside. If we cannot engage the enemy in the countryside, then we have lost already."

But allied and Afghan officials say Kandahar is too crucial to lose. "The history of Afghanistan always was, always is and always will be determined from Kandahar," provincial Gov. Tooryalai Wesa said in an interview.

The city is a crossroads on trade routes to Pakistan. The Taliban came to power in the 1990s in part on the strength of their ability to make the roads safe for travelers and truckers. The Taliban were toppled by the U.S.-led invasion after the 2001 terrorist attacks on America.

Now insurgents, common criminals and corrupt police officers set up illegal checkpoints along the highways. Allied officials say such insecurity has crippled the local economy and that Gen. Carter's plan to protect roads is central to establishing credibility for the government and the coalition.

The Stryker Brigade will have road engineers and intelligence teams on board, and will likely use high-tech surveillance equipment to try to ensure that insurgents don't plant explosives or extort money from passersby, officials say.

For security reasons, allied officers don't want to publicize how many soldiers will be involved in the Kandahar operation. They say their plan will boost the troops encircling Kandahar by 50%, while reducing the area they cover by 90%, making the cordon harder for insurgents to penetrate.

Gen. Carter is wary of inserting large numbers of foreign troops into the center of Kandahar, an ethnically Pashtun city in a Pashtun insurgency. There is a small Canadian security and economic-aid team inside the city and a 150-man U.S. military-police company. Gen. Carter plans to boost that with another small MP unit to bolster the Afghan National Police.

The Taliban's influence in the city is so pervasive that the Afghan police are often too frightened of kidnapping and assassination threats to move about the city freely, especially at night.

One precinct commander refuses to go downtown from his station house unless accompanied by five armed patrolmen. "The Taliban would kill me," said the commander, Lt. Col. Abdul Qader.

One of Gen. Carter's priorities is to persuade local political authorities to organize a Kandahar council of tribal elders, or shura, to help guide the city and make peace with insurgents amenable to reconciliation. In Afghan culture, such institutions are used to resolve disputes.

"We need to listen to a huge number of people and drink a huge amount of tea," said Gen. Carter. Gov. Wesa, however, said it can be difficult to figure out which elders have genuine authority over the people.

"It's not impossible, but it takes some time and it takes some effort to find the right people, talk to the right people and talk them into coming back," he said.

To address that, coalition forces in the south already have begun redirecting some of their intelligence gathering from tracking enemy movements to understanding tribal dynamics and politics.

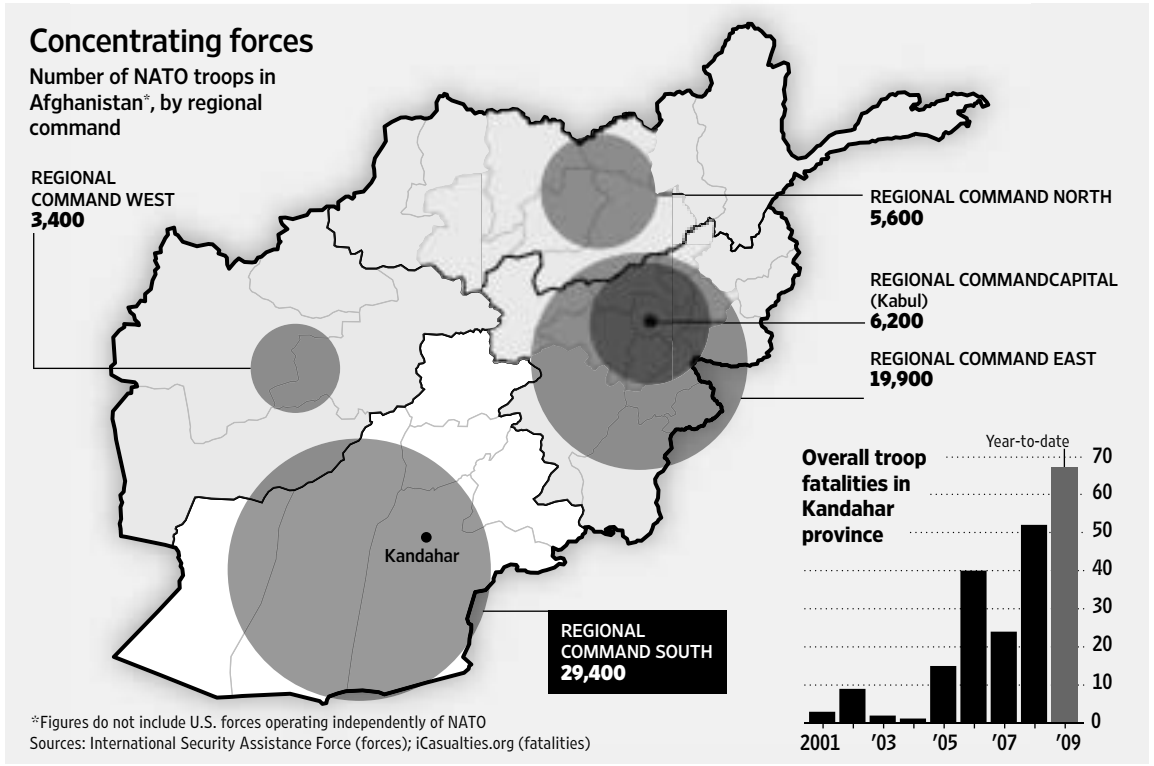
At the same time, The coalition also plans to flood Kandahar and its environs with economic aid, including a $50 million Canadian irrigation system, a multimillion-dollar U.S. farm-and-jobs project and a new electrical-distribution network expected to cost some $20 million.

The economic surge is intended to generate employment and address festering complaints that the Karzai government and its international backers cannot provide a better life for Kandahar residents.

Mr. Obama met most recently with his war council on Monday to discuss his troop plans, in the first such meeting since just before his nine-day trip to Asia.

On Tuesday, he told reporters at the White House: "After eight years—some of those years in which we did not have, I think, either the resources or the strategy to get the job done—it is my intention to finish the job."

—Jonathan Weisman contributed to this article.



Reuters

A U.S. soldier snaps an image of an Afghan man's iris to be used for identification. Commanders aim to try putting a ring around the Taliban power base of Kandahar.

Kabul raises police salaries to deter corruption, aid recruitment

By Anand Gopal

KABUL—The Afghan government is raising police salaries by as much as two-thirds, with the U.S. and others footing the bill, in an effort to rein in corruption and boost recruitment.

The central government will increase Afghan National Police monthly pay in volatile provinces to $240 from $180, and in nonvolatile provinces to $200 from $120, Interior Ministry spokesman Zamarai Bashari said. He said the U.S. has pledged to pay for the wage increase for the first year, and other donor countries will contribute after.

The move is part of an effort to bolster Afghan security forces in the face of a growing insurgency. As the Obama administration has considered options for a new Afghan war strategy, U.S. officials have recently focused attention on an option combining bringing in added forces for both combat and training.

British Prime Minister Gordon Brown said Wednesday he is "optimistic" that NATO countries are set to increase the number of troops that they contribute to the war.

A competent, professional police force will be essential for an eventual handover of responsibilities by the U.S.-led Western troops deployed here. President Hamid Karzai said in his inauguration address this month that he wants Afghan forces to take the lead within five years.

The 93,000-strong Afghan National Police is widely considered ill-equipped and corrupt. Many U.S. military officials complain that the ANP isn't a reliable partner because policemen often steal from the local population and at times maintain ties with insurgents.

Mr. Bashari acknowledged these problems, and said officials were working on improving the force. Afghan officials say they hope the increased salaries will curb the temptation to extract bribes or steal.

—Alistair MacDonald contributed to this article.

WORLD NEWS

Beijing slams Europe emissions effort

Climate envoy decries 'big disparity' between commitments and action on warming, taking tough stance as summit nears

By Shai Oster

BEIJING—China's top climate envoy lashed out at Europe for failing to meet its previous greenhouse-gas commitments, and said reaching an agreement at the global warming summit in Copenhagen next month is essential.

"Europe made a lot of commitments. But if you compare those commitments to actions, there is a big disparity," China's special envoy on climate change, Yu Qingtai, told reporters Wednesday. He said Europe had failed to meet its previous promises to cut greenhouse gases and deliver on technology transfer and aid to poor countries.

Mr. Yu's comments reinforce China's tough negotiating stance less than two weeks ahead of the Dec. 7 global climate summit in the Danish capital. China has repeatedly called for a global agreement on carbon emissions, but has been unwilling to commit to the kind of difficult sacrifices needed to reach one, saying the burden lies on wealthier nations.

Global climate negotiators had hoped to make Copenhagen a key turning point in two-year-long talks over the successor to the Kyoto Protocol, which is set to expire in 2012. That goal appears to be slipping as obstacles appear insurmountable in the coming days and negotiators are pointing fingers at each other.

Bloomberg News

Yu Qingtai, China's special representative for climate-change talks, scolded Europe Wednesday for failing to live up to its commitments.

Getting agreement between China and the U.S., which together account for 40% of the world's greenhouse-gas emissions, is crucial to the success of climate talks.

China says the rich countries of the world have an obligation to clean up the carbon they produced, even though China has already surpassed the U.S. as the world's biggest polluter. China has proposed that developed nations contribute 1% of gross domestic product to subsidize efforts by poorer nations to cut carbon emissions, a proposal rejected as unrealistic by the U.S.

China says accepting carbon caps would force it to accept poverty. "We cannot accept that Chinese people would have one-third the emissions of the developed countries," Mr. Yu said. He blamed the lack of progress in talks so far on developed countries. "Admittedly, we spent a lot of the past two years on marginal issues," he said. "Personally, I think it was because of the lack of faith by developed countries in the negotiations."

China has unilaterally taken measures to try to increase energy efficiency and energy security—measures that have helped to slow the pace of growth of China's greenhouse-gas emissions. According to the Paris-based International Energy Agency, China's energy consumption targets would contribute a quarter of what needs to be done globally to limit carbon emission and slow global warming.

In September, President Hu Jintao promised a reduction in the amount of carbon emissions relative to economic output by a "notable margin." But China has declined to define that margin or make its targets part of an internationally binding treaty.

Mr. Yu said China "will work together with the international community to ensure that Copenhagen is a success."

Obama to attend summit on climate

By Stephen Power

WASHINGTON — President Barack Obama will attend a global climate summit in Copenhagen next month, where he will lay out specific targets for curbing greenhouse-gas emissions.

The decision ends weeks of speculation over whether the president would attend the event, and marks the first time the Obama administration has offered to commit to concrete goals on emissions.

Mr. Obama intends to propose that the U.S. cut its greenhouse-gas emissions by 17% from 2005 levels by 2020, and by 83% by 2050. Those reductions, which reflect targets laid out in a bill passed by the House of Representatives in June, are what many scientists say are needed to stabilize atmospheric concentrations of carbon dioxide and prevent the worst effects of climate change. Legislation is still pending in the Senate.

While the summit isn't expected to produce a legally binding agreement among countries, Mr. Obama's decision to attend the event on Dec. 9 before heading to Oslo to accept the Nobel Peace Prize ratchets up pressure on his administration to narrow differences with China and other nations over how to distribute the costs of cutting emissions.

Addressing reporters at a news conference in Bonn on Wednesday, the United Nations' top climate negotiator, Yvo de Boer, said Mr. Obama's participation in the summit is "critical to a good outcome." Mr. de Boer, who is presiding over the summit, called on U.S. officials to come prepared to offer an emissions-reduction target that the U.S. would seek to achieve over the next decade.

Reuters

Top U.N. climate negotiator Yvo de Boer said Mr. Obama's presence is 'critical.'

"We need an indication from the United States on what it can do in numerical terms to reduce its emissions," he said.

Earlier this week, Obama administration officials said the U.S. might offer a specific target for cutting its greenhouse-gas emissions in time for the U.N. climate conference.

It wasn't immediately clear how the proposed U.S. targets would be greeted by delegates in Copenhagen. Developing nations such as China have called on the U.S. and other developed nations to cut their emissions by between 25% and 40% by 2020 from 1990 levels.

WORLD NEWS: U.S.

White House weighs new deficit panel

Bipartisan commission considered as administration seeks to show resolve on a problem that dogs its broader agenda

By Jonathan Weisman And John D. McKinnon

WASHINGTON—The White House is considering a bipartisan commission to tackle the swelling U.S. deficit, as it seeks to show resolve on a problem that threatens its broader agenda.

Top White House officials, including budget director Peter Orszag, met Tuesday with Senate Budget Committee Chairman Sen. Kent Conrad to discuss establishing such a commission, which has been pushed by Mr. Conrad, a North Dakota Democrat, and his Republican counterpart on the committee, Sen. Judd Gregg of New Hampshire.

Senior congressional officials said the idea was gaining traction. Two officials said the White House was likely to make its own proposal for a panel, which could have less power than the proposed Conrad-Gregg commission. White House aides said no final decision had been made.

The idea is to bring Republicans and Democrats together to make tough decisions about how to cut costs or raise revenue in areas including Social Security, Medicare and taxes. For the White House, establishing a commission would show that the Obama administration is serious about tackling the deficit while postponing any real moves until after the 2010 elections.

The U.S. budget deficit swelled to a post-World War II record of $1.4 trillion in fiscal 2009 and isn't expected to shrink much this year. The White House budget office has already asked each cabinet department, except for defense and veterans affairs, to submit two budgets for fiscal 2011—one freezing spending at current levels, the other cutting spending by 5%.

The idea is to bring Republicans and Democrats together to make tough decisions.

The magnitude of the deficit is starting to constrain Democrats' room for maneuver. Top House Democrats are pressing for a new tax to pay for any troop increases in Afghanistan. Meanwhile, an effort by congressional Democrats to pass job-creation measures, such as a tax credit for hiring new workers, faces skepticism from a White House unsure that such ideas are worth the cost.

In addition, the administration is being pressed by Messrs. Conrad, Gregg and 12 other senators—Democratic, Republican and independent—who demand action on a federal debt commission before they will approve any increase in the national debt ceiling.

If the debt ceiling isn't raised above its current $12.1 trillion level, the government will exceed its borrowing limits and could be forced to default on its debt. Treasury officials say the limit could be reached by mid-December.

Taking concrete steps to cut spending and raise taxes, always politically difficult, has become even harder given the U.S. economy's weakened condition. With projected deficits averaging more than 5% of gross domestic product over the next decade, the enormity of the task makes it more daunting. So does the looming 2010 election, when Democrats face the possibility of big losses.

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U.S. consumers boost spending as incomes rise

By Luca Di Leo And Jeff Bater

WASHINGTON — U.S. consumer spending and incomes rose in October, while initial jobless claims fell below 500,000 last week to the lowest level since September 2008, boding well for economic growth in the fourth quarter.

But demand for long-lasting goods unexpectedly fell in October, brought down by the defense sector, and a barometer of capital spending by businesses tumbled in another sign of the recovery's sluggishness.

Commerce Department data Wednesday showed spending last month rose by 0.7% compared with a September decline of 0.6%, while personal income rose by 0.2% for the second-straight month.

Meanwhile, a key gauge of prices that is closely watched by the U.S. Federal Reserve to set monetary policy reinforced that inflation wasn't a threat as the economy recovers slowly.

The core price index for personal consumption expenditures, which excludes volatile food and energy, rose a monthly 0.2% in October and by 1.4% year-on-year.

Economists surveyed by Dow Jones Newswires had forecast consumer spending would rise by 0.6% in October while income would increase by 0.1%. The core PCE index was seen rising by a monthly 0.1%.

Economists expect slightly better economic growth in the fourth quarter compared with the previous three months. One prominent forecaster, Macroeconomic Advisers, predicts growth in gross domestic product of 3.1% at an annual rate. A revised Commerce Department report Tuesday put third-quarter GDP growth at 2.8%.

Initial claims for jobless benefits declined by 35,000, to 466,000, for the week ended Nov. 21, the Labor Department said Wednesday in its weekly report. The previous week's level was revised to 501,000 from 505,000.

The number of continuing claims—those drawn by workers for more than one week—for the week ended Nov. 14 declined by 190,000 to 5,423,000 from the preceding week's revised level of 5,613,000.

Beware products of financial finagling

In peddling safe-sounding 'WACronyms,' Wall Street is exploiting a quirk of the human mind; from ABS to ZEBRAS

By Jason Zweig

Has Wall Street's alphabet soup given you investing indigestion?

No other institution—with the possible exceptions of the government or the military—spews out acronyms and initials quite as prolifically. I call these products of financial engineering "WACronyms," because they tend to sound innocent when, in fact, many of them are full of wacky complications and incomprehensible risks.

They range all the way from ABS and ARMs to TIGRs and ZEBRAs, NINAs, NINJAs and other nonsense.

Adapted from 'The Little Book of Safe Money,' by Jason Zweig. Copyright 2010 by Jason Zweig. Published by John Wiley & Sons Inc. Used by permission.

While you shouldn't automatically refuse to invest in a WACronym, these catchy abbreviations are always a signal that you should analyze the underlying investment with extreme caution. A WACronym is a sure sign that somebody is trying to sweet-talk you into buying something you might never invest in without the cutesy come-on of the shorthand name.

■ What Maxwell Perkins knew. How much would you want to read a book titled "Trimalchio in West Egg"? You're likely to ask yourself three immediate questions: Who's Trimalchio? Where (or what) is West Egg? And who cares? But when the same book is called "The Great Gatsby," F. Scott Fitzgerald's masterpiece sounds far more appealing. Fortunately, Fitzgerald's editor, Maxwell Perkins, rejected the great author's inept title and replaced it with his own brilliant choice.

How eager would you be to buy a prescription for a drug called 1-[[3-(6,7-dihydro-1-methyl-7-oxo -3-propyl-1Hpyrazolo[4,3-d]pyrimidin-5-yl)-4-ethoxyphenyl]sulfonyl] -4-methylpiperazine citrate? To any nonchemist, that sounds intimidating, scary, perhaps even toxic. But once the same drug is renamed "Viagra," it seems natural and appealing.

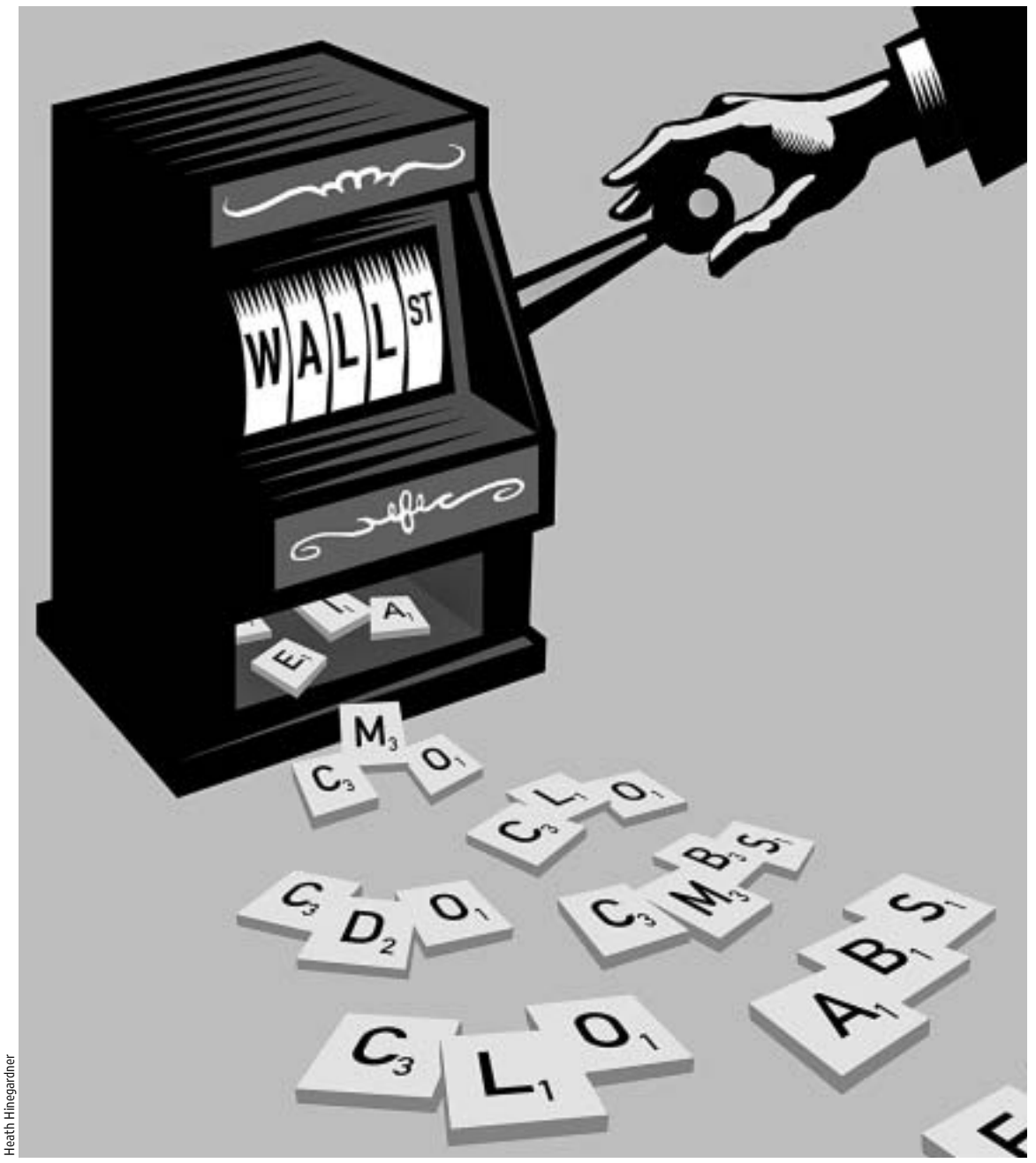
The easier something is to perceive, remember or pronounce, the safer it will make us feel—regardless of its actual risk or benefit. A name like Viagra, with its hints of life and vigor and waterfalls, sounds fluent and familiar even when we hear it for the first time.

In a classic psychological experiment, people were shown a series of fictitious names of food additives, all with 12 letters. Some, like Magnalroxate, were fairly easy to pronounce; others, like Hnegripitrom, were a cumbersome mouthful. Asked to imagine that they were reading the names as ingredients on food labels, people rated how safe each additive was likely to be. The unpronounceable additives were, on average, rated 29% riskier.

That's why Wall Street peddles "CMOs" instead of collateralized mortgage obligations, "HLTs" instead of highly leveraged transactions, "LBOs" instead of leveraged buyouts, SPACs instead of special-purpose acquisition companies, and "SPARQS" instead of stock participation accreting redemption quarterly-pay securities. In fact, investment bankers put a great deal of energy and effort into coming up with product names that can somehow be reduced to a catchy WACronym—because Wall Street knows that a fluent name automatically makes investors more comfortable with risks they do not understand.

■ Tickers that click. The same effect extends to stock tickers, the trading symbols that serve as shorthand for identifying which shares you want to trade. Stocks whose tickers are readily pronounceable or evoke positive images (like BUD, KAR or LUV) outperform those with clumsy, meaningless tickers like PXG or BZH—at least in the short run.

Knowing this, companies eagerly stake their claim to a catchy ticker. In August 2006, Harley-Davidson Inc., the manufacturer of heavyweight motorcycles, announced that it would change its stock ticker from HDI to HOG. (Motorcyclists have long nicknamed Harleys "hogs.") In its first two days of trading under the memorable new ticker, Harley's stock gained 5%.



Heath Hinegardner

■ It's as easy as ABC. In the ancient world, people well understood that the act of naming something is a way of asserting power over it. Adam's very first act, after God creates him in the Book of Genesis, is to name each of the animals, thus fulfilling God's wish that man would have "dominion" over "every living thing that moveth upon the earth."

So it's vital for investors to remember that Wall Street takes control over investments from the start, through the simple act of naming them. By giving an ugly investment a cute little name, Wall Street can fool many people into thinking it's a cute little investment.

Confronted with any investment that's named with a catchy WACronym, you must fight back with your own acronym. Being on your guard is as easy as ABC: Always Be Cautious. Ask what the WACronym stands for. If you can neither pronounce nor understand the terms the abbreviation stands for, don't invest in it.

Deutsche Bank turns artsy as schmoozing returns to Asia

Impact Asia

Deutsche Bank signed a lead sponsorship deal with Hong Kong art fair ART HK.

By Duncan Mavin

Schmoozing is making a comeback. The global financial crisis sucked away support among big banks and funds for corporate sponsorship of big splashy events. But the revival of market confidence is now stirring up some interest around Asia again after a long lull.

In the latest sign, **Deutsche Bank** earlier this month announced it has signed a five-year lead sponsorship deal with Hong Kong art fair ART HK.

The German lender will fill 3,000 square feet of space at the fair next May with client entertainment and an exhibition of Deutsche Bank's own extensive art collection.

"Clearly this type of event attracts a quality, niche audience. We view ART HK as a good relationship and brand building opportunity," said Michael West, a Deutsche Bank spokesman.

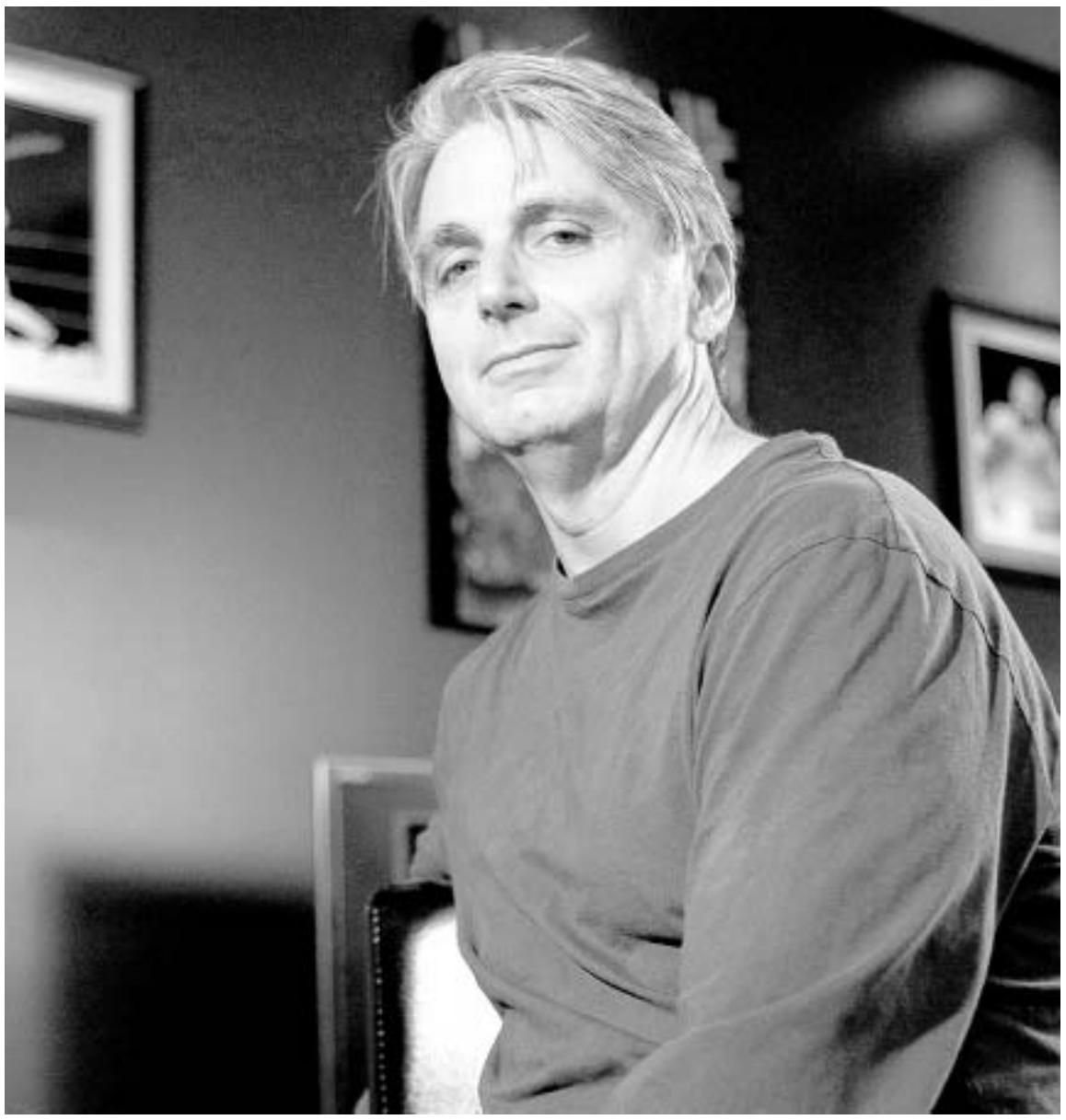
ART HK launched two years ago with Lehman Bros. as a lead sponsor and ran last year without a lead sponsor. Hong Kong's gain could be London's loss: Deutsche Bank's six-year sponsorship of London's Frieze Art fair expires next year and the bank hasn't confirmed whether it will renew the contract.

Claire Saunders, managing director at event planner MCI in Hong Kong, said Deutsche Bank's hook-up with ART HK is a boon for the region's events industry after a frustrating few months.

"It's not necessarily been a budget issue, but more of a perception one," Ms. Saunders said. Private banks and hedge funds that rely on events for sales still have budgets in place to wine and dine clients, Ms. Saunders said. "I feel very positive about next year," she added.

The promoters of one of Asia's most notorious client schmooze-ups, the Hong Kong Rugby Sevens, also said they are expecting a return to form for the event next year after somewhat subdued festivities in 2009.

"Last year, companies scaled back in terms of decorating their corporate boxes," said Sean Moore, of Elite Step Asia Limited. "[In 2010] I think we will be back to where we were two or three years ago, where the banks were more openly celebrating with their clients. The next few years is going to be especially good for events in Asia because banks have a perception problem in Europe and North America that they don't have here," he said.



Deanne Fitzmaurice for The Wall Street Journal

EA CEO John Riccitiello says a shift to digital services will affect the game industry in 'a profound way.'

EA chief wagers on digital strategy

John Riccitiello gears for volatile world

By Yukari Iwatani Kane

Videogames are supposed to be fun, but there hasn't been much joy lately for John Riccitiello, chief executive of **Electronic Arts** Inc., the world's biggest publisher of videogames.

Even before he took over two years ago, the company was struggling to return to profitability, hurt by high development costs and a weak lineup of games.

BOSS TALK

Now, EA is battling a slump in consumer spending that has caused industrywide game sales to fall 12% this year and threatens to sap holiday demand.

Mr. Riccitiello, 50 years old, worked at several consumer products companies including Clorox Corp. and Sara Lee Corp. before getting into the games business by joining EA as its president in 1997.

He left the company in 2004 to co-found investment firm Elevation Partners with, among others, U2 singer Bono before returning as EA's chief in April 2007.

Unlike his first stint at EA, where the challenge was managing rapid growth, his current task is to restructure the company.

He has decided to focus on a smaller number of improved console games and push a digital strategy, including downloaded games and content.

But the transition has been painful. Mr. Riccitiello this month announced plans to slash another 1,500 jobs, or 17%, of EA's staff. Shares of EA, though up 8% this year, have fallen about 66% since he took over.

In an interview at the EA Sports Bar at EA's headquarters in Redwood City, Calif., the avid gamer and runner discussed how he is dealing with the multiple challenges. Excerpts:

WSJ: What have you done right to strengthen the company's position?
Mr. Riccitiello: We said we were going to improve the quality of our core games and we were going to go through a transformation to digital or online games. I think we got the call right. We've built a business faster than people would have anticipated. We just reported $138 million in revenue in the last quarter in digital-services businesses.

The intellectual properties that are now leading the way in mobile are the same properties that we've regenerated our reputation on.

People like a certain degree of familiarity. That's why last week, No. 1 on the iPhone was "Rock Band" and No. 2 was "Command & Conquer."

The games are good, but people found them because they recognize them and they know what to expect.

I think we're out of the quicksand and we know exactly where we're going.

WSJ: What are the challenges of trying to turn around the company in a recession?
Mr. Riccitiello: It would've been one heck of a lot easier if we didn't get the headwind of a tough economy, but we don't build a company because it's supposed to prosper in the next four weeks. We build a company that's going to prosper for the next four years or ten years. I think it's important for us to create a company that works better in a more volatile world. I don't see anything out there that tells me that stability is the norm.

WSJ: How do you respond to criticism that you're too aggressive with unproven digital investments?
Mr. Riccitiello: If you believe in the pattern that digital remade print, digital remade television, digital remade music, it just might be possible that digital will affect the game industry in a profound way.

I think EA has a fighting shot at being a leader in digital. I know most investors want to look backwards not forwards, but we see this as a spectacular opportunity. It's no longer a fantasy, it's a reality. Give us a year or two and watch it all come together.

WSJ: Why did you recently acquire Playfish, a maker of social games, for $275 million? Couldn't you have built the business yourself?
Mr. Riccitiello: Social-network-game companies use a very different publishing model. It's a system where you actually don't finish your movie before you put it in the theater, and then you just keep adjusting it as you go and learn from the feedback from your customer.

That is such a different business system that my judgment was it would take us a long time to create that ecosystem here. We could try to do it, but it would be like a bunch of football players playing golf.

WSJ: How do you keep your employees motivated, when you acquire a company on one hand and cut jobs on the other?
Mr. Riccitiello: If you don't make decisions like this, the market will tell us we should let 3,000 people go two years from now, and we're just going to have a miserable time between now and then. Sometimes you have to pick your window and have a little courage and invent the future.

WSJ: Are you done restructuring and cutting jobs?
Mr. Riccitiello: I think we're solid. We cut 28% of our work force in the last year. And that's a net number. Within that, we've added a lot to digital.

WSJ: What are your expectations for the economy and the industry this holiday season and next year?
Mr. Riccitiello: The holiday season is going to be hit driven. My best guess is it'll be roughly even [with last year]. Maybe November and December will be up.

I think the economy will move sideways for a while. To get out of sideways we're going to need stimulus. In the last [videogame] cycle, a little over half of the consoles sold were at $149 or below.

I think that's going to be true this cycle, and it's just a matter of time.

The price reductions that were brought this year by Sony, Microsoft, Nintendo, while welcome, were exactly what they needed to do ten months ago, not three months ago.

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The Desolate Wilderness

Here beginneth the chronicle of those memorable circumstances of the year 1620, as recorded by Nathaniel Morton, keeper of the records of Plymouth Colony, based on the account of William Bradford, sometime governor thereof:

So they left that goodly and pleasant city of Leyden, which had been their resting-place for above eleven years, but they knew that they were pilgrims and strangers here below, and looked not much on these things, but lifted up their eyes to Heaven, their dearest country, where God hath prepared for them a city (Heb. XI, 16), and therein quieted their spirits.

When they came to Delfs-Haven they found the ship and all things ready, and such of their friends as could not come with them followed after them, and sundry came from Amsterdam to see them shipt, and to take their leaves of them. One night was spent with little sleep with the most, but with friendly entertainment and Christian discourse, and other real expressions of true Christian love.

The next day they went on board, and their friends with them, where truly doleful was the sight of that sad and mournful parting, to hear what sighs and sobs and prayers did sound amongst them; what tears did gush from every eye, and pithy speeches pierced each other's heart, that sundry of the Dutch strangers that stood on the Key as spectators could not refrain from tears. But the tide (which stays for no man) calling them away, that were thus loath to depart, their Reverend Pastor, falling down on his knees, and they all with him, with watery cheeks commended them with the most fervent prayers unto the Lord and His blessing; and then with mutual embraces and many tears they took their leaves one of another, which proved to be the last leave to many of them.

Being now passed the vast ocean, and a sea of troubles before them in expectations, they had now no friends to welcome them, no inns to entertain or refresh them, no houses, or much less towns, to repair unto to seek for succour; and for the season it was winter, and they that know the winters of the country know them to be sharp and violent, subject to cruel and fierce storms, dangerous to travel to known places, much more to search unknown coasts.

Besides, what could they see but a hideous and desolate wilderness, full of wilde beasts and wilde men? and what multitudes of them there were, they then knew not: for which way soever they turned their eyes (save upward to Heaven) they could have but little solace or content in respect of any outward object; for summer being ended, all things stand in appearance with a weather-beaten face, and the whole country, full of woods and thickets, represented a wild and savage hew.

If they looked behind them, there was a mighty ocean which they had passed, and was now as a main bar or gulph to separate them from all the civil parts of the world.

And the Fair Land

Any one whose labors take him into the far reaches of the country, as ours lately have done, is bound to mark how the years have made the land grow fruitful.

This is indeed a big country, a rich country, in a way no array of figures can measure and so in a way past belief of those who have not seen it. Even those who journey through its Northeastern complex, into the Southern lands, across the central plains and to its Western slopes can only glimpse a measure of the bounty of America.

And a traveler cannot but be struck on his journey by the thought that this country, one day, can be even greater. America, though many know it not, is one of the great underdeveloped countries of the world; what it reaches for exceeds by far what it has grasped.

So the visitor returns thankful for much of what he has seen, and, in spite of everything, an optimist about what his country might be. Yet the visitor, if he is to make an honest report, must also note the air of unease that hangs everywhere.

For the traveler, as travelers have been always, is as much questioned as questioning. And for all the abundance he sees, he finds the questions put to him ask where men may repair for succor from the troubles that beset them.

His countrymen cannot forget the savage face of war. Too often they have been asked to fight in strange and distant places, for no clear purpose they could see and for no accomplishment they can measure. Their spirits are not quieted by the thought that the good and pleasant bounty that surrounds them can be destroyed in an instant by a single bomb. Yet they find no escape, for their survival and comfort now depend on unpredictable strangers in far-off corners of the globe.

How can they turn from melancholy when at home they see young arrayed against old, black against white, neighbor against neighbor, so that they stand in peril of social discord. Or not despair when they see that the cities and countryside are in need of repair, yet find themselves threatened by scarcities of the resources that sustain their way of life. Or when, in the face of these challenges, they turn for leadership to men in high places—only to find those men as frail as any others.

So sometimes the traveler is asked whence will come their succor. What is to preserve their abundance, or even their civility? How can they pass on to their children a nation as strong and free as the one they inherited from their forefathers? How is their country to endure these cruel storms that beset it from without and from within?

Of course the stranger cannot quiet their spirits. For it is true that everywhere men turn their eyes today much of the world has a truly wild and savage hue. No man, if he be truthful, can say that the specter of war is banished. Nor can he say that when men or communities are put upon their own resources they are sure of solace; nor be sure that men of diverse kinds and diverse views can live peaceably together in a time of troubles.

But we can all remind ourselves that the richness of this country was not born in the resources of the earth, though they be plentiful, but in the men that took its measure. For that reminder is everywhere—in the cities, towns, farms, roads, factories, homes, hospitals, schools that spread everywhere over that wilderness.

We can remind ourselves that for all our social discord we yet remain the longest enduring society of free men governing themselves without benefit of kings or dictators. Being so, we are the marvel and the mystery of the world, for that enduring liberty is no less a blessing than the abundance of the earth.

And we might remind ourselves also, that if those men setting out from Delftshaven had been daunted by the troubles they saw around them, then we could not this autumn be thankful for a fair land.

These editorials have appeared annually since 1961.

Canberra Carbon 'Leadership'

The Copenhagen climate-change deal is crumbling, but no matter: Australia's Labor government wants to pass its very own cap-and-trade bill this week, even though it won't curb global warming but will raise energy prices and cost thousands of jobs.

Politicians want to pass an expensive cap-and-trade bill that won't do anything to curb global warming.

That's the crux of the Carbon Reduction Pollution Scheme that the Senate could vote on as early as today. Prime Minister Kevin Rudd has framed the vote in moral terms, calling it Tuesday "a fundamental existential question for the future," and asking policy makers to put the "national interest first" and political party interests "last."

Mr. Rudd's appeal to emotion is the only way to justify the passage of the bill he's staked his government's credibility on, because the economics sure don't support it. Australia emits only 1.5% of total global emissions. By asking companies to pay for carbon permits starting in 2011, Mr. Rudd will make Australian industry unilaterally less competitive, without any appreciable global benefit. Meanwhile, Australian consumers will pay more for everything as energy prices rise across the board.

To its credit, the Senate, where the Labor Party doesn't hold an outright majority, rejected Mr. Rudd's first version of the bill in August. Mr. Rudd responded this week by buying the silence of the most affected industries through cash payouts, extended transition periods and an agricultural exemption. Camberra may also throw in loan guarantees and other protections in case—whoops—the bill puts certain firms like electricity generators out of business.

It's unclear how much this green utopia will cost the Australian public, given Canberra hasn't released any comprehensive economic modeling of the revised scheme's total cost. It's also unclear how the plan can still be "revenue neutral," as Mr. Rudd originally promised, given the government nearly doubled the amount of compensation payments between the first and second iterations of the bill.

All of which makes it even more incredible that Liberal Party leader Malcolm Turnbull, who until now has stonewalled on supporting the deal citing the economic cost, has jumped onboard this train wreck. Declaring that the opposition "saved tens of thousands of jobs" Mr. Turnbull threw his weight behind Mr. Rudd's plan Tuesday, adding that the move demonstrates the Liberals' "genuine and sincere commitment to action on climate change."

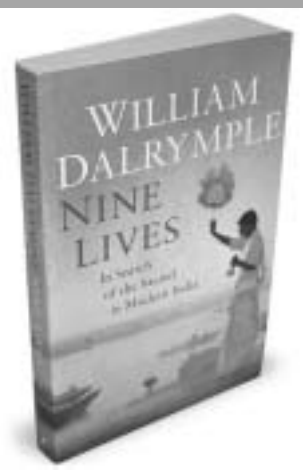
To its credit, the Liberal Party's conservative wing revolted yesterday and called for a leadership vote, which Mr. Turnbull survived. But that had more to do with a lack of credible challengers than anything else. At least the Liberals are finally rediscovering their principles.

Meanwhile, Australians find themselves guided by politicians committed to cap-and-trade even as the rest of the world backs away. That may be leadership, but it doesn't mean it's good for Australia.

OPINION

The Older India That Endures

[Bookshelf]



Nine Lives
By William Dalrymple
(Bloomsbury, 304 pages, £20)

BY SADANAND DHUME

India has long been an object of fascination for foreigners seeking spiritual enlightenment. At times this takes the form of a travel-show fixation with rituals performed along the Ganges; sometimes it's a pilgrimage to the Dalai Lama's home in Dharamsala. But the country's rapid economic development brings with it a question: Does the new India, with its feuding billionaires and mushrooming call centers, its armies of reality TV contestants and booming stock exchanges, still offer a spiritual alternative to materialism? Or has it become, to quote the British writer William Dalrymple, "just another fast developing satrap of the wider capitalist world?"

In "Nine Lives," Mr. Dalrymple—who has written about the subcontinent for 20 years, and is best known for his forays into Mughal history—sets out to answer this question by exploring the parts of India and Pakistan "suspended between modernity and tradition." He quickly discovers that the demands of development often conflict with India's age-old spiritual traditions. A sacred grove is challenged by the depredations of illegal loggers. Villagers in Rajasthan must choose between continuing to bring their ailing cattle to an illiterate minstrel who has memorized a 600-year-old epic or instead turning to the nearest veterinarian. A distinguished Tamil bronze caster, the 23rd in an unbroken family line going back to the 13th century, tries to persuade his son not to abandon the family tradition for the glamour of a job as a computer engineer in Bangalore.

In the end, Mr. Dalrymple comes to no firm conclusion. The traditions "Nine Lives" explores are often threatened. Yet, in their own way, like India itself, they are also remarkably robust. Mr. Dalrymple finds the holy men of modern India preoccupied with the same questions that absorbed their ancient counterparts. Among them: "the quest for material success and comfort against the claims of the life of the spirit; the call of the life of action against the life of contemplation; the way of stability against the lure of the open road"

To his credit, despite venturing deep inside inherently exotic territory, Mr. Dalrymple pulls off the difficult task of not merely exoticizing India. In a lesser writer's hands, the same material might have read like a retread of old colonial tropes about snake charmers and ascetics. The reader gets the sense that the author is driven more by an unquenchable curiosity about a country he loves than by a desire to dwell upon the incongruities—say a sacred elephant stalled at a traffic light, or a temple where rats are worshipped as God—that strike the first-time visitor.

Tracking the spiritual quests that make up the warp and weft of daily life in a modernizing country.

Mr. Dalrymple never mocks his subjects. Indeed, his prose is often tinged with tenderness and a sense of longing. He observes that "There are few places in the world where landscape and divinity are more linked than in southern India." Among pilgrims at a Buddhist temple in Dharamsala he describes himself and a companion as "the only stationary figures in a great roundabout of religiosity."

Nonetheless, too much regard for the times we live in—which demand Western sensitivity to Indian sensibilities—has its drawbacks. Despite occasional flashes of brilliance—a description of a dancer drinking blood from the neck of a freshly slaughtered chicken is particularly evocative—all-in-all Mr. Dalrymple's India somehow feels less real than that evoked by V. S. Naipaul, Paul Theroux or the hero of Mr. Dalrymple's youth, the peripatetic Bruce Chatwin. There's something slightly abstracted about Mr. Dalrymple's vision. It's as though by glossing over India's chaos, squalor and harshness he ends up leaching the landscape of its true color.

There's also something slightly dilettantish about the book's subjects. Indeed "Nine Lives" is more a snapshot of endangered cultures in a time of flux than a guide to the most significant religious currents shaping the subcontinent. When it comes to Hinduism, Mr. Dalrymple tends to dwell on the obscure and the marginal. There's no mention of influential gurus such as Sri Sri Ravi Shankar, Swami Ramdev or Amma, the so-called hugging saint, who exercise tremendous sway over the most energetic, and arguably the most important, segment of society: the educated middle class.

On Islam, Mr. Dalrymple's omissions are even more puzzling. He barely touches upon the most important religious story in the region, the rise of Islamic fundamentalism. You learn virtually nothing of the puritanical missionary movement Tablighi Jamaat, the charismatic Mumbai-based televangelist Dr. Zakir Naik, or, even though he visits Pakistan, the religious warriors of the country's Northwest Frontier Province. When Mr. Dalrymple does touch upon fundamentalist Islam, briefly in one chapter, it's with the utmost delicacy, refracted through the story of a female dervish in the backwater Pakistani province of Sindh. Similarly, evangelical Christianity, a small but muscular movement across much of eastern and southern India, is ignored entirely.

Despite these flaws, Mr. Dalrymple's work reveals an India still rich in religious experience, its spiritual quest—or rather, quests—still very much part of the warp and weft of daily life. Amid all the excitement about economic growth, an older India endures.

Mr. Dhume is a Washington and New Delhi-based writer and the author of "My Friend the Fanatic: Travels with a Radical Islamist" (Skyhorse Publishing, 2009).

The Ugly AIG Post-Mortem

[Business World]

BY HOLMAN W. JENKINS, JR.

A year later, the myrmidons of the media have gotten around to the question of why, after the government took over AIG, it paid 100 cents on the dollar to honor the collateral demands of AIG's subprime insurance counterparties.

By all means, read TARP Inspector General Neil Barofsky's report on the AIG bailout—but read it honestly.

It does not say AIG's bailout was a "backdoor bailout" of Goldman Sachs. It does not say the Fed was remiss in failing to require Goldman and other counterparties to settle AIG claims for pennies on the dollar.

It does not for a moment doubt the veracity of officials who say their concern was to stem a systemic panic that might have done lasting damage to the U.S. standard of living.

To be sure, Mr. Barofsky has some criticisms to offer, but the biggest floats inchoate between the lines of a widely overlooked section headed "lessons learned," which focuses on the credit rating agencies. The section notes not only the role of the rating agencies, with their "inherently conflicted business model," in authoring the subprime mess in the first place—but also the role of their credit downgrades in tipping AIG into a liquidity crisis, in undermining the Fed's first attempt at an AIG rescue, and in the decision of government officials "not to pursue a more aggressive negotiating policy to seek concessions from" AIG's counterparties.

Though not quite spelling it out, Mr. Barofsky here brushes close to the last great unanswered question about the AIG bailout. Namely: With the government now standing behind AIG, why not just tell Goldman et al. to waive their collateral demands since they now had the world's best IOU—Uncle Sam's?

Congress might not technically have put its full faith and credit behind AIG, but if banks agreed to accept this argument, and Treasury and Fed insisted on it, and the SEC upheld it, the rating agencies would likely have gone along.

Associated Presssubs

Neil M. Barofsky, special inspector general for the Troubled Asset Relief Program

No cash would have had to change hands at all.

This didn't happen, let's guess, because the officials—Hank Paulson, Tim Geithner and Ben Bernanke—were reluctant to invent legal and policy authority out of whole cloth to overrule the ratings agencies—lo, the same considerations that also figured in their reluctance to dictate unilateral haircuts to holders of AIG subprime insurance.

Of course, the thinking now is that these officials, in bailing out AIG, woulda, shoulda, coulda used their political clout to force such haircuts, but quailed when the banks, evil Goldman most of all, insisted on 100 cents on the dollar.

This story, in its gross simplification, is certainly wrong. Goldman and others weren't in the business of voluntarily relinquishing valuable claims. But the reality is, in the heat of the crisis, they would have acceded to any terms the government dictated. Washington's game at the time, however, wasn't to nickel-and-dime the visible cash transfers to AIG. It was playing for bigger stakes—stopping a panic by asserting the government's bottomless resources to uphold the IOUs of financial institutions.

What's more, if successful, these efforts were certain to cause the AIG-guaranteed securities to rebound in value—as they have. Money has already flowed back to AIG and the Fed (which bought some of the subprime securities to dissolve the AIG insurance agreements) and is likely to continue to do so for the simple reason that the underlying payment streams are intact.

Never mind: The preoccupation with the Goldman payments amounts to a misguided kind of cash literalism. For the taxpayer has assumed much huger liabilities to keep homeowners in their homes, to keep mortgage payments flowing to investors, to fatten the earnings of financial firms, etc., etc. These liabilities dwarf the AIG collateral calls, inevitably benefit Goldman and other firms, and represent the real cost of our failure to create a financial system in which investors (a category that includes a lot more than just Goldman) live and die by the risks they voluntarily take without taxpayers standing behind them.

No, Moody's and S&P are not the cause of this policy failure—yet Mr. Barofsky's half-articulated choice to focus on them is profound. For the role the agencies have come to play in our financial system amounts to a direct, if feckless and weak, attempt to contain the incentives that flow from the government's guaranteeing of so many kinds of private liabilities, from the pension system and bank deposits to housing loans and student loans.

The rating agencies' role as gatekeepers to these guarantees is, and was, corrupting, but the solution surely is to pare back the guarantees themselves. Overreliance on rating agencies, with their "inherently conflicted business model," was ultimately a product of too much government interference in the allocation of credit in the first place.

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OPINION

The Price of Poor Governance in the Philippines

By Brett M. Decker

The Philippines' next election is not until May, but already the electoral death toll is rising. On Monday, at least 46 were killed in Maguindanao province on the Muslim-dominated island of Mindanao. The government in Manila declared a state of emergency on Tuesday and deployed 1,000 troops to the traditionally rebellious southern island. This volatile situation could deteriorate quickly.

Monday's pre-election massacre is a symptom of far bigger problems, especially in the south.

This week's massacre was the worst instance of political murder in Philippine history. Most elections in the archipelago are marred by violence between the clans of various candidates, but this was much earlier than usual because the official election season has only just begun. The window for individuals to file for candidacy opened last week. At this point, nobody knows who is facing whom at the polls. Even if a clan wanted to eliminate an opponent, one can only speculate who will be in the eventual field for any one race. Trouble doesn't usually start until the filing period ends and candidates are announced. This year, that happens on Dec. 1.

Surprisingly, the clan targeted in Monday's massacre does not have a reputation for involvement in provincial dynastic wars. The convoy that was wiped out included journalists and supporters and family members of Ismael Mangudadatu, vice mayor of a nearby township. Mr. Mangudadatu dared to challenge Andal Amputuan, the current governor of Maguindanao. Like many wealthy families in the Philippines, Mr. Amputuan maintains a private army. According to media reports, Monday's atrocity allegedly was conducted by a mixture of his supporters and some local policemen. The provincial police chief was arrested by national authorities on Wednesday. He has not been charged with any crime yet, nor has he made any public statement.

Although unique in its intensity, this week's attack was an example of the Muslim-on-Muslim violence that has plagued the nation's southern islands for decades. In a throwback to a more barbaric age, many of the victims were beheaded and had limbs hacked off. The mass murder appears to have been premeditated, as a mass grave allegedly was dug by the attack party in advance of the assault, according to the Philippine National Police. The whole country is holding its breath waiting for the other shoe to drop. In a culture that emphasizes honor and revenge in cases like this, the worry now is that other more violent clans will join the fray on one side or the other as scores are settled, leading to a wider conflagration.

There is serious potential for escalation of the violence in Mindanao outside of clan warfare, too. The presence of such a large contingent of troops from the national army can be a destabilizing factor as much as a pacifying one. More than 100,000 have been killed in the decades-long civil war in the southern islands, which

Associated Press

A nation in shock: A Filipino woman looks on

has left a lot of bad blood between the Muslim minority and the majority Christian armed forces. Conflicts between local villagers and national soldiers are common.

The chaos is a reflection of the sad state of Philippine civil society in the waning months of Gloria Macapagal Arroyo's presidency. As national focus has shifted toward the fight over who will succeed her next spring, the lame-duck incumbent is having an increasingly difficult time maintaining her authority. Making matters worse, her response to the attack so far has consisted of vague statements that the perpetrators will be brought to justice, peace will be restored and private militias will be disarmed. It's not yet clear how she intends to do any of those things, especially concerning the militias.

But no matter how Manila moves to settle this crisis, the administration will lose influence in the troubled region because both factions in the hostility are supporters of the president. The danger is that Islamist militias could step into the local power vacuum.

It's not clear that the eventual winner of the May vote will be much better. None of the leading candidates for president has a law-and-order background. There is, though, a possibility that continued erosion of safety in the streets could propel a dark-horse candidate to the top of the pack. One beneficiary would be former Defense Secretary Gilberto "Gibo" C. Teodoro, Jr., who resigned from the cabinet last week to run for president and subsequently was named as the standard bearer for Mrs. Arroyo's Lakas party.

Meanwhile, there is the matter of foreign, and especially American, involvement in the region—in particular in Mindanao, the location of this week's massacre. American troops act as an independent force in the southern islands. Deployed to the south in February 2002 in the aftermath of the Sept. 11, 2001 attacks on the United States, U.S. Special Forces have helped whittle down the forces of the Abu Sayyaf terrorist group while minimizing the impact of the military footprint in Islamic areas. American troops have won goodwill with Philippine Muslims by building roads, bridges, wells and other infrastructure, while also preventing Philippine troops from engaging in violent reprisals after Moro raids.

One danger to the region is that this force could be scaled back under political pressure from Manila. The 1998 Visiting Forces Agreement, under which U.S. troops are allowed on Philippine soil for defensive purposes, is under attack by leftist politicians in the Philippines. The most prominent of these is vice presidential candidate Sen. Loren Legarda, who has a decent chance of winning that post. If the eight-year U.S. presence in the Philippines were removed or downsized, greater instability in Muslim Mindanao would ensue immediately.

The Philippines is Asia's oldest but most troubled democracy. This week's massacre is a graphic reminder of how unstable the country's governance can be, and it will ultimately be up to Manila to decide the time has come to get the problem under control. The world has just seen the high costs of delay.

Mr. Decker is opinion editor at the Washington Times and author of "Global Filipino" (Regnery, 2008).

How to Say Thanksgiving in Mandarin

By Scott Simon

Just in time for Thanksgiving, our oldest daughter's U.S. passport arrived. The photo inside shows a saucy 6-year-old girl, smiling slyly because just below her shoulders she is wearing her ballerina-fairy-princess Halloween costume. It is a marked contrast to the shot of the wailing, red-faced baby, tears dappling her cheeks like fat jewels, which was in her Chinese passport when she arrived in the U.S.

In the Chicago immigration office five years ago, we sat proudly alongside families from Poland, Ethiopia, South Korea, Kenya and El Salvador, their sons and daughters dressed in pressed white shirts and dark suits. An official in a broad brown hat called out our name.

"Well, everything seems in order," he said, and pointed to a place in the customs hall about 20 feet ahead. "When you cross that line, your little girl is a citizen of the United States."

Then he put one of his huge hands gently under our daughter's chin. "Welcome home, sweetheart," he told her.

I am forever indebted to China for the gift of our daughters. But I do not forget that frightened Chinese mothers had to give up their babies because of government policies that lead to the abandonment—and worse—of little girls. I was in tears as we carried Elise over that line and into America. I may never be able to do anything else as important for her.

We have come to think of Thanksgiving as a holiday for families like us: Those who know that America, whatever its sins, is a refuge in the world.

When my parents—a Jewish man and an Irish woman—married in the 1950s, they were warned, as transracial adoption families often are, that their children would face bigotry and hostility. But today, our 6-year-old niece Juliette, a California blond, slips her arm around the shoulders of our daughters and says, "We're cousins for life, right?"

Our Chinese children sit at the Passover table and scrounge for Easter eggs. They wear "South Side Irish" green scarves around their necks on St. Patrick's Day. It's all in the family.

My wife came home one day from our daughters' Chinese culture class to announce there would be no class next week. "Because of the Jewish holidays," she explained, straight-faced. Only in America. Our girls speak French, like their mother. My wife and I join our girls to sing "Twinkle, Twinkle Little Star" in Mandarin. We've learned that families mixed by marriage or adoption don't shrink or starve a heritage. They nourish it with newcomers.

Our older daughter goes to first grade with Calix, Yoni, Sophia, Joel, two Zoes, Samir and Jade. You may think you can infer ethnicities from those names. But a few weeks ago, when I picked up Elise at the playground, she clambered across the monkey bars with a pal who is Asian.

Jewish-French-Irish-Chinese: a modern American family.

The boy's father asked, "Your daughter is Chinese?"

"Yes," I told him. "Her name is Elise Jia-Mei. Excellent-Beautiful in Mandarin, as I'm sure you know. And what's your little boy's name?"

The Chinese father patted his son's head. "Dylan."

There are people who believe I am a little starry-eyed about the multicultural society that North America and a few other places have become. Perhaps. I have two daughters I want to grow up free from hurt. But I think my critics may forget the larger world in which we live.

* * *

Had our daughters stayed in China, they would face discrimination for being Hui, Miao, Mongol or any of the other of China's minority nationalities that they might be. Children adopted from Ethiopia might have grown up having to face the prejudice that Oromo, Sidamo or Gurage people contend with there.

I don't believe that having an African-American president, and Hispanic, Jewish and Asian judges, Nobel laureates, cabinet secretaries, movie stars and CEOs magically dispatches all bigotry and its bitter legacy. But someone of Luo descent has been elected president of the U.S. when ethnic strife seems to make a Luo president unfathomable in Kenya.

Race is singular and immutable. But Thanksgiving is a time to mark that in cities, towns and families across the country, people have grown to see ethnicity as merely one feature of our human makeup. To some, race will always overwhelm all other traits. But to millions more, it's just the way that small minds keep score.

When it comes to living with the risk of bigotry, I feel blessed to be able to take my chances—and more importantly, my children's chances—in America.

Mr. Simon, host of NPR's Weekend Edition Saturday, is author of the novel "Windy City" (Random House, 2008) and the forthcoming nonfiction book about adoption, "Baby, We Were Meant for Each Other," which will be published next year by Random House.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"It looks to me like some kind of cult."

IN DEPTH

Heir to Gucci empire reveals plan to double bet on fashion

PPR chief François-Henri Pinault wants to create a new mass-market division mirroring company's luxury-goods unit

By Christina Passariello And Mimosa Spencer
Paris

WHEN HE bought Italian fashion house Gucci NV a decade ago, French billionaire François Pinault steered his family's lumber and distribution business into the high-profile, high-profit world of luxury goods.

Now Mr. Pinault's son is taking an equally transformative step: stripping the company of its once-core French retail business in order to focus entirely on global consumer and luxury brands, such as its high-end Yves Saint Laurent and mass-market Puma labels.

François-Henri Pinault, chief executive of PPR SA, is embarking upon a new plan to sell the company's European retail divisions, including the popular electronics retailer Fnac and the Conforama discount furniture stores. In an interview with The Wall Street Journal at PPR's headquarters near the Arc de Triomphe, Mr. Pinault detailed, for the first time, his plans to remake his family's company.

"The sooner, the better," said the lanky, sandy-haired 47-year-old, although he said he hadn't given himself a deadline for the planned divestments. "We have a major weakness—retail. It is a business that cannot develop quickly abroad," because it takes consumers a long time to warm up to an unfamiliar name, Mr. Pinault said.

PPR could reap an estimated €4 billion (about $6 billion) from the sale of its retail businesses, analysts say. Mr. Pinault wants to use that cash to shop for other apparel and accessories brands to create a new mass-market division mirroring PPR's luxury-goods unit. The company is already expected to take in some €1 billion from a partial stock-market listing of its African consumer-goods division, which begins trading on Dec. 3.

For PPR, which is 41% owned by the Pinault family, exiting retail means giving up businesses that made up more than half of the company's €20 billion in sales last year and that are dominant chains in their home market. Long one of the Paris stock exchange's most dynamic blue-chip companies, PPR is now trading in its French retail operations for a more global identity.

PPR isn't alone in rethinking its retail business amid increasing competitive pressure. Wal-Mart Stores Inc., Gap Inc. and others are gunning for reluctant consumers who have been spooked by high unemployment around the world. Though many mainstream retailers have slashed prices, discounters such as Wal-Mart, Ikea Group and Gap's Old Navy stores, as well as e-commerce purveyors, have far outperformed rival chains.

A longer-term problem with retail is that it's stubbornly local. Though the Wal-Mart franchise stretches from Chile to Britain, the company makes three-quarters of its sales in the U.S. PPR's Fnac, a book, music and electronics chain founded by two Trotskyist activists in the 1950s, has expanded across Europe and Brazil, but makes 70% of its sales in France.

The retail business—which in addition to Fnac and Conforama includes the mail-order catalog business Redcats—has benefited PPR over the years, providing a counter-weight to the company's more volatile luxury-goods division. Demand for products PPR sells at its retail chains—microwaves, books or sofas—is steadier than demand for fashion, which can depend on the media hype over a catwalk collection.

Associated Press

François Pinault, one of Europe's pre-eminent entrepreneurs of recent decades. The elder Mr. Pinault elbowed his way into France's elitist business world as a high-school dropout who got his start in a lumber mill.

Yet the retail business has also proven a drag on profitability. In the first half of the year, PPR said it made 1.7 to 3.3 cents on the dollar on its retail business, and 18.6 cents on the dollar on its luxury division.

Mr. Pinault's new strategy carries risks. Exiting from retail puts more emphasis on PPR's Gucci Group—whose stable of brands also includes Italian fashion house Bottega Veneta and jeweler Boucheron—just as the luxury goods sector is suffering. As wealthy consumers cut back in key markets, such as the U.S., Europe and Japan, sales at Gucci Group fell 6.4% in the third quarter of this year, compared with a 4.6% rise in revenue in the same period last year.

It's a big personal gamble for the younger Mr. Pinault, who is one of the first in a slew of second-generation executives being groomed to take over big French family businesses. Arnaud Lagardère of France's media and defense conglomerate Lagardère SCA took the helm when his father, Jean-Luc, died six years ago. Others—including the daughter of the Pinaults' arch-rival, LVMH Moët Hennessy Louis Vuitton Chairman Bernard Arnault—are waiting in the wings.

Though he's been running PPR since 2005, Mr. Pinault has not yet proven whether he will be as successful as his father, one of Europe's pre-eminent entrepreneurs of recent decades.

The elder Mr. Pinault, 73, elbowed his way into France's elitist business world as a high-school dropout who got his start in a lumber mill. The younger Mr. Pinault is better-known as a jet-setter often photographed in the front row of fashion shows with his wife, actress Salma Hayek.

The two married quietly on Valentine's Day of this year, in Paris, then renewed vows in April in Venice at a glittering event whose guests included Anna Wintour, Penelope Cruz and former French president Jacques Chirac. Ms. Hayek wore a sleeveless dress with a silver beaded bodice created by Nicolas Ghesquière, the designer for Balenciaga, PPR's most in-vogue luxury label.

His father, François, took over his family's lumber business in the west of France in 1963. He listed the company on the Paris stock market in 1988 and used the proceeds to buy Conforama in 1991 and then built the group into the multifaceted consumer goods empire it is today.

The younger Pinault watched on the sidelines as his father swooped in on Gucci in 1999, beating out Mr. Arnault's LVMH in what was then one of Europe's most acrimonious takeover fights ever. At the time, the son—a graduate of prestigious French business school HEC—was 37 and running electronics retailer Fnac. The job stoked his interest in technology. The young executive made frequent trips to Japan to test out new electronic gadgets.

His break came in 2003, when his father tapped him to run the family's holding company, Artemis, which owns the family's stake

Changing wardrobes

Under François-Henri Pinault, PPR plans to sell the company's European retail division, which includes the Fnac stores . . .

. . . and use the cash to buy mass-market brands for a division to mirror its luxury-goods unit, which includes Gucci label.

Bloomberg News (2)

SELLING			SPINNING OFF	KEEPING	
REDCATS Group	Conforama	fnac.com	CFAO cfaogroup.com	PUMA	GUCCI GROUP
The mail-order catalog business sells mostly clothes, including plus-size label Avenue in the U.S.	Discount furniture retailer Conforama has lost its market leadership in France to Ikea.	Fnac, a books, music and home electronics retailer, was started by two Trotskyists in the 1950s.	CFAO sells an array of products in Africa such as Toyota cars and Heineken beer.	Sportswear label Puma is branching out into products from underwear to cell phones.	Luxury division includes fashion houses such as Gucci, Yves Saint Laurent and Balenciaga.
Sales revenue in the first half of year					
$2.57 billion	**1.98**	**2.83**	**1.99**	**1.92**	**2.44**

Note: revenue converted from euros at the current rate

Source: PPR

in PPR. In his new job, Mr. Pinault worked with Serge Weinberg, then PPR's chief executive, to complete the €7.2 billion buyout of Gucci Group and to hire the unit's chief executive, Robert Polet. Mr. Pinault appeared at Mr. Weinberg's side at a Gucci shareholders meeting in Amsterdam in April 2004, a fresh gash across his forehead from a skiing accident.

As head of Artemis and a member of PPR's board, Mr. Pinault began to think about the company's future. At the time, PPR was spending millions of euros to expand Conforama and Fnac outside France. Yet fashion house Gucci, buoyed by new markets in Asia and the Middle East, was making a quarter of PPR's profit.

In the middle of 2003, Mr. Pinault and a group of lieutenants at Artemis sketched out scenarios to split PPR's luxury and retail divisions into two separate listed companies. The plan for luxury was called Flaubert, after the French 19th century writer. The plan for retail was named Picasso for the Spanish painter.

Mr. Pinault showed the ideas to his father and Mr. Weinberg, but he thought it wouldn't generate enough money to reinvest in new business. The plans were shelved, but Mr. Pinault kept discussing his ideas with his father over dinners at Parisian brasserie L'Ami Louis, where the elder Mr. Pinault is a regular. After 18 months at Artemis and with the backing of his father, Mr. Pinault informed Mr. Weinberg that he would be taking the helm at PPR.

"I was 41, and I didn't see myself being just a shareholder. I wanted to run the business," recalled Mr. Pinault in the interview.

By the time Mr. Pinault became chief executive in March 2005, PPR was a business anchored around two poles: retail and luxury. One division was competing with labels such as Louis Vuitton and Chanel; the other with J.C. Penney and Ikea. Fnac had planted its flag in Taiwan and Switzerland, and Conforama bought chains in Spain and Italy—but they still relied on France for the bulk of their sales. PPR's shares were trading at a 37% discount to rival and market leader LVMH, which is focused on luxury goods.

On a business trip to Japan at the end of 2005, over a meal of *shabu-shabu* hot pot, Mr. Pinault mapped out the first step of what would eventually become his strategy to exit the retail business altogether: the sale of PPR's iconic department store Printemps, whose value had soared from the real-estate boom. The sale was completed the following summer, for €1.1 billion.

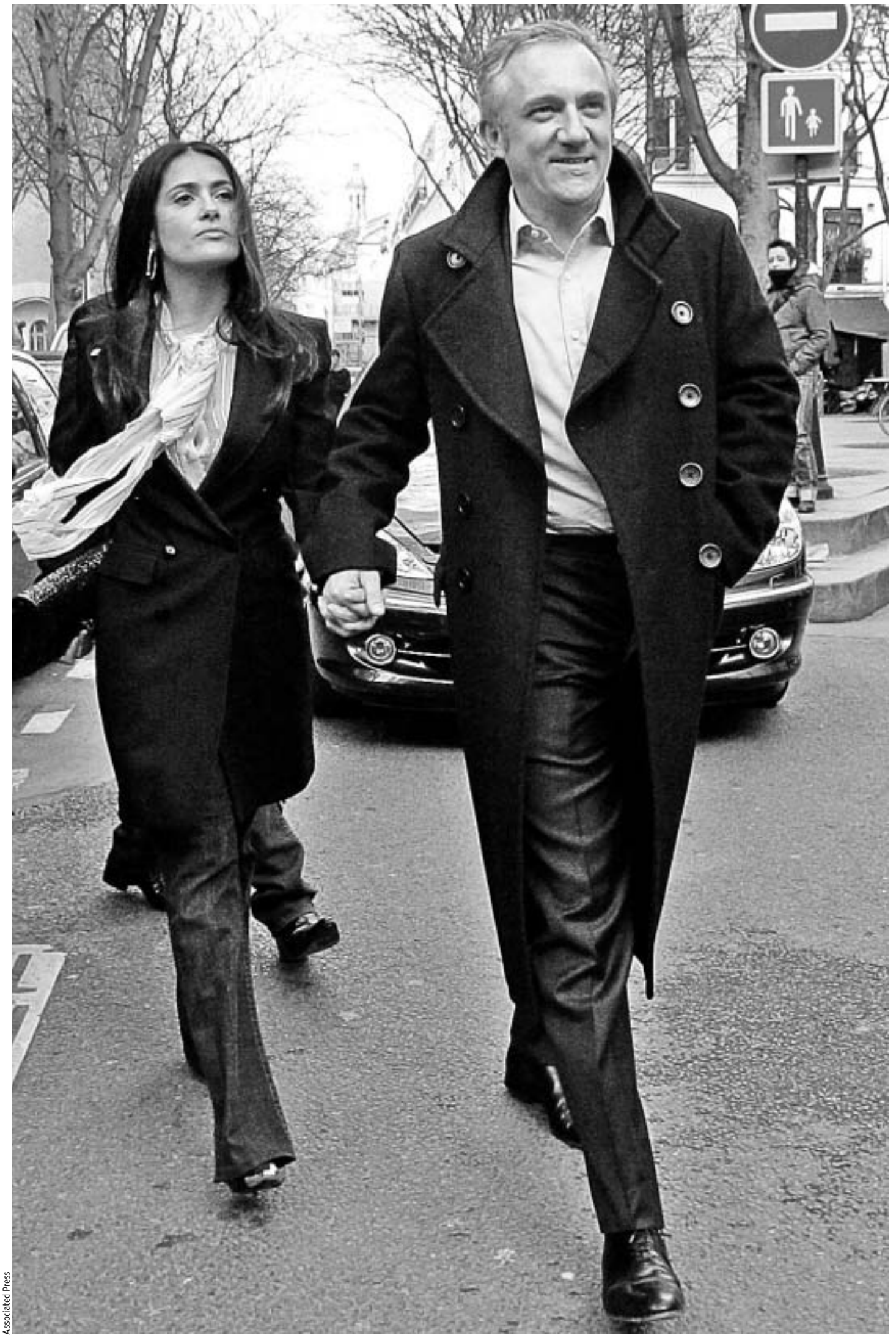
As Mr. Pinault studied the exit from PPR's huge retail holdings, he began thinking about what could replace them. Making PPR solely a luxury-goods player wouldn't be enough because high-end fashion and accessories houses—though high-margin—aren't big-volume businesses.

"If we wanted to be sizable on a global scale, we had to have a mass-market business," Mr. Pinault recalls thinking. He cemented his plan with PPR's board, but the company decided not to disclose it in order to give executives more time to execute, Mr. Pinault said.

Mr. Pinault quietly tapped investment bankers at Goldman Sachs Group Inc. to come up with a strategy to sell Fnac. He began talking to possible buyers for Conforama and Redcats, the mail-order business, according to one person involved in the talks. He asked consultants Bain & Co. to draw up a list of possible luxury-goods and mass-market clothing and accessories brands as potential acquisition targets.

Among the 40 names drawn up by Bain was German sportswear company Puma, according to one person close to the company. Puma was already a global sportswear brand, but it couldn't afford to open its own boutiques around the world. (There was an added plus: Mr. Pinault says he got along well with Puma Chief Executive Jochen Zeitz, whom he had tried to recruit two years earlier for the top job at PPR's Gucci Group.)

Mr. Pinault moved quickly. In early 2007, he sent an adviser to a hotel at Paris' Charles de Gaulle airport to discuss the terms of a deal with a representative from Puma's controlling shareholder family. Two months later, PPR launched its €5.3 billion friendly takeover bid. PPR ended up buying 69% of Puma, for €3.68 billion. "Given [PPR's] size, he is very quick in making decisions," recalled Mr. Zeitz, who still runs Puma's business within PPR.



Associated Press

PPR's François-Henri Pinault, with his wife, actress Salma Hayek. He is one of second-generation executives being groomed to take over French family businesses.

By early 2008, Mr. Pinault lost momentum as the financial crisis spread around the world. Creditors involved in talks aimed at selling Conforama and Redcats to industry buyers pulled out, according to a person involved in the talks. PPR retrenched; over the past year, it announced 1,872 job cuts at the two retail businesses and at Fnac. In March, enraged French workers swarmed Mr. Pinault's taxi as he left a meeting, holding him under siege for an hour by blocking the street.

With global stock markets stabilizing, Mr. Pinault is reviving his strategy. A 12-person team within PPR has drawn up two lists. The first enumerates a new set of 20 possible industry buyers for the three retail businesses up for grabs, Mr. Pinault said during the interview.

A number of sovereign funds and a South African investor have also expressed interest, according to a person close to the matter. Another option, said Mr. Pinault, would be to list one or all three on the stock market.

The second list targets a dozen potential luxury and lifestyle brands PPR would be interested in buying. To build its mass-market lifestyle brand, PPR could be interested in another label geared toward outdoor activities such as hiking, water sports, and street sports such as skateboarding, Mr. Pinault says. He says Mr. Zeitz, his like-minded friend and Puma chief, is the right man to run what will become the new mass-market division at PPR.

FROM PAGE ONE

Vietnam devalues currency, raises rates

Continued from first page
problem. "Vietnam has done this before, but it didn't really impact our export growth overall," Mr. Korn said.

The World Bank expects Vietnam's gross domestic product to climb a respectable 5.5% this year, compared with 6.2% in 2008. But the country's trade deficit continues to widen and dollar sales aimed at stabilizing the dong have shrunk foreign reserves to $16.5 billion compared with $22 billion at the start of the year, according to analysts' estimates.

By contrast, Vietnam's regional neighbors, such as China, Korea and Thailand all have added substantially to foreign-exchange reserves this year.

Last month, Vietnam's Finance Ministry warned the country likely would be unable to limit its trade deficit to its target of $10 billion in 2009 after hitting $8.7 billion in the first 10 months of the year.

To keep growth expanding this year, the government has pumped billions of dollars into its economy through subsidized loans and infrastructure spending. Economists say that has stirred inflationary fears and further eroded confidence in the dong, leading to hoarding of dollars and gold.

Reuters

Vietnamese dong in a Hanoi bank Wednesday, when a devaluation was announced.

"This time our solution is to strongly intervene," State Bank of Vietnam Governor Nguyen Van Giau said.

Early indications show the government moves were helping to stabilize the dong. Black-market traders in Hanoi reacted with relief, as if they had been braced for a much more sweeping devaluation some time in the future. After the devaluation plan was announced, black markets in Hanoi were offering dollars for 19,500 dong, compared with 19,700 before the central bank made its announcement.

That compares with the official midpoint trading rate of 17,034 dong to the dollar on Wednesday, which will be set at 17,961 dong on Thursday following the devaluation.

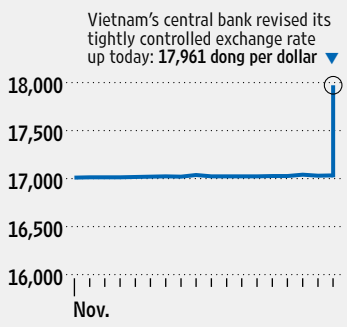
Credit-rating firms also reacted positively. "When all is said and done, macroeconomic stability and prudent policies are better for an economy in the long run than short-sighted efforts to generate an unsustainably high rate of growth," said Tom Byrne, a sovereign regional credit analyst with Moody's in Singapore.

Vietnam is likely to boost interest rates further to contain any inflationary surge coming from the devaluation. Robert Prior-Wandesforde, chief Asian economist at HSBC in Singapore, expects to see interest rates reaching 11% by the end of next year.

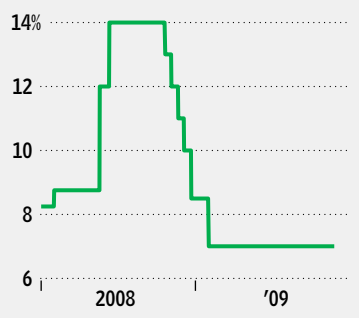
—Ditas Lopez in Singapore and Nguyen Pham Muoi in Hanoi contributed to this article.

Downgrading the dong

Official Vietnam central bank rate. How many dong one U.S. dollar buys



Vietnam's benchmark interest rate



Source: The State Bank of Vietnam

Beijing tightens its rules on currency transfers

Continued from first page
hot international issue lately—and is a technical measure that closes a loophole in existing rules that permit some foreign-exchange dealing with yuan by Chinese people. But it reinforces Beijing's intention to maintain controls over capital flows.

Chinese officials have in recent months grown more vocal about "hot money" flowing into the country. China's economy is growing faster than all other major economies and pressure from Washington and other foreign capitals is mounting for Beijing to permit the yuan to resume appreciating against the dollar. So far there is no sign Beijing will loosen its grip on the exchange rate.

Reinforcing that, state media on Wednesday quoted Vice Foreign Minister Zhang Zhijun as saying ahead of a meeting with European monetary officials this weekend that Beijing will continue to adjust the exchange-rate system as suits its needs. "China will increase the flexibility of the [yuan] exchange rate at a controllable level in the future," Mr. Zhang was quoted as saying, "based on the market demand and with reference to a basket of currencies."

Capital outflows from China are also presenting issues for regulators. For instance, cash from mainland China is playing an important role in pushing up property prices in the city of Hong Kong, which uses its own currency.

SAFE's statements Wednesday said the new measures bar transfers of money from one source into five or more bank accounts owned by individuals onshore in China within a short period. Likewise, five or more individuals in China can't simultaneously send money to an individual offshore account within a period of a few days.

The measures appear aimed at stopping people from circumventing current limits on the amount of foreign exchange they can buy or sell.

Existing rules, which aren't changed by the latest move, let individuals send up to $50,000 worth of yuan out of the country each year, or bring in that much. Similarly, under existing policy, Hong Kong residents are allowed to transfer foreign exchange worth 20,000 yuan (about $3,000) into a mainland China bank account each day.

Spreading those quotas among several people—in effect forming a syndicate—could sidestep the official limits on cross-border money flows, although SAFE didn't specifically mention that method in its statements.

SAFE's allotments for currency movements are meant to make it easier for individuals to pay for education and travel abroad. It has the broader impact of choking off black-market foreign-exchange activity in China and possibly relieving some of the relentless demand to hold yuan by unlocking sources of true demand from some Chinese to own U.S. dollars and other foreign currencies.

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Restructuring saps faith in Dubai's ability to pay debt

Continued from first page
set up to manage Dubai's debt earlier this year, would start to assess and evaluate the extent of the restructuring required. As part of that assessment, it said officials intend to ask lenders for a debt "standstill" and request they extend debt maturities until at least May 30.

Dubai said the corporation's portfolio includes "strategically important businesses" and said "the restructuring will be designed to address financial obligations and improve business efficiency for the future."

Most immediately, the standstill will affect a $3.5 billion bond that Dubai World's real-estate subsidiary, Nakheel, was scheduled to repay next month. The bond was seen as a crucial test of Dubai's ability to pay its debts, amid a real-estate market crash that has ricocheted across the emirate's once-booming economy. Dubai World this spring signaled that a restructuring of the bond was an option, but hasn't provided details since.

The spokeswoman for the Dubai Department of Finance said company officials were currently discussing options with lenders, but didn't give details.

The cost of insuring Dubai debt, which had fallen sharply amid signs of a global economic recovery, shot higher after the announcement, rising by more than a third by late Wednesday, to $429,700 to insure a $10 million loan for five years, according to CMA, a credit-information specialist.

The announcement came just hours after Dubai said separately that it raised $5 billion from two local banks, the second installment of what officials had said would be a $20 billion borrowing program. The bond program was unveiled in February, with the federal government of the United Arab Emirates snapping up the entire first tranche.

The bonds were effectively a federal bailout by the U.A.E., led by oil-rich Abu Dhabi, the country's capital. (Abu Dhabi and Dubai are the biggest of seven semiautonomous emirates that make up the U.A.E.)

Since then, Dubai officials have suggested they would seek international investors to fund the remaining $10 billion. Dubai says it is using the funds to pay down international debt and unpaid bills to contractors.

Wednesday's $5 billion funding announcement initially cheered analysts and investors. While the issue's two lenders were both Abu Dhabi-controlled banks, the deal suggested to many that Dubai was able to go to sources besides the federal government for cash. An earlier, unrelated debt issue by Dubai in October was also oversubscribed.

The Dubai World announcement raised fresh questions over the federal government's willingness to help Dubai out.

It also appeared to contradict signals from Dubai's government that it was willing to fully support its corporate entities. In its statement about Dubai World, Dubai officials said the $5 billion bond issue wasn't linked to the Dubai World restructuring.

"It opens more questions than it gives answers," said Philipp Lotter, an analyst with Moody's Investors Service in Dubai. "Is this [standstill] voluntary or involuntary? If it's voluntary, fine, it makes perfect sense. If it's not, it's a default."

In an October report, Standard & Poor's estimated Dubai World could be responsible for as much as 50% of Dubai's total government- and corporate-debt load of some $80 billion to $90 billion.

Dubai World was long the crown jewel of Dubai's economy, operating a globe-spanning ports and transportation group and spearheading ambitious real-estate and infrastructure projects at home and abroad. Nakheel built Dubai's iconic palm-tree-shaped island, packed with luxury villas and hotels, many still under construction.

It was caught in a political maelstrom in Washington in 2006 after its core ports division, now called DP World, proposed to buy a competitor, which at the time owned a handful of U.S. ports. Political opposition on Capitol Hill blocked the acquisition, forcing Dubai World to shed the U.S. assets before completing the deal.

In recent years, Dubai World launched a debt-fueled international buying binge, diversifying far beyond its core ports business.

In 2007, it joined up with **MGM Mirage** in the $8.5 billion CityCenter project in Las Vegas. An MGM Mirage spokesman said Wednesday that Dubai World had already fulfilled all of its commitments to funding the project, totaling some $4.65 billion.

The same year, Dubai World's investment outfit Istithmar bought high-end retailer Barneys New York for just under $1 billion.

David Jackson, chief executive of Istithmar, didn't immediately return an email message sent Wednesday. A Barneys New York spokeswoman declined to comment. As previously reported, Istithmar is exploring a possible Barneys restructuring, with the retailer tapping investment bank Perella Weinberg Partners to advise it.

—Vanessa O'Connell in New York and Alexandra Berzon in Los Angeles contributed to this article.

As of 11 a.m. ET **Euro** 1.5055 ▲ 0.72% **Yen/US$** ¥87.69 ▼ 0.94% **Yen/A$** ¥81.19 ▼ 0.04% **Oil** 75.85 ▼ 0.22% **Gold** 1181.30 ▲ 1.19% **10-year Treasury** ▼ 3/32 yield 3.327% **3-month Libor** 0.25563

Indian property companies prepare a wave of IPO listings

MARKETS 24

Japan's latest issue: Why buy new shares?

HEARD ON THE STREET 34

BUSINESS & FINANCE.

Thursday, November 26, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Australia serves TPG with tax bill

By Peter Lattman

Australian tax authorities have launched a surprise action against U.S. private-equity firm **TPG**, a move that could set new precedent for how foreign investors are treated Down Under.

The Australian Taxation Office is pursuing more than US$620 million in taxes and penalties from Fort Worth, Texas-based TPG, relating to TPG's initial public offering of department-store chain **Myer**.

Tax officials argue that TPG set up its ownership structure of Myer as a tax-avoidance plot, using a latticework of companies in the Netherlands, Luxembourg and the Cayman Islands to funnel its Myer profits out of Australia without paying taxes there.

A state court issued a freeze on TPG's local bank accounts on Nov. 11, two weeks after Myer's Oct. 29 IPO, in which TPG made $1.5 billion—roughly five times its original $300 million equity investment. By the time the tax authorities reached the accounts, the money had already left the country.

The tax office hasn't alleged any criminal wrongdoing by TPG. But in pursuing the case, Australian authorities are displaying a measure of hostility toward private-equity investors, which have invested roughly $20 billion into Australian over the past half-decade. Large firms such as Kohlberg Kravis Roberts & Co. and CVC already have substantial investments there.

"TPG strongly believes it has met all of its Australian tax obligations in connection with the Myer investment and at all times has complied with Australian taxation laws and

Please turn to page 24

Myer's CEO Bernie Brookes speaks to the media after the company's official listing on the ASX earlier this month.

Buyout bill | Five largest Australian private-equity deals* since 2004

Target	Acquirer	Value, in millions	Date
Coates Hire	National Hire Group; Carlyle Group	1,357	Sept. 4, 2007
DCA Group	CVC Asia Pacific	1,352	Sept. 25, 2006
Cleanaway Australia and New Zealand; Industrial Services Australia	Kohlberg Kravis Roberts & Co.	1,349	June 19, 2006
Coles Myer	Newbridge Capital; TPG Capital (Texas Pacific)	1,024	June 2, 2006
Publishing & Broadcasting	CVC Asia Pacific	740	Oct. 18, 2006

*Acquisitions by private-equity firms excluding add-on transactions. Figures exclude debt.
Sources: Dealogic; Bloomberg News (photo)

Hershey Trust seeks consent for Cadbury bid

By Jeffrey McCracken And Ilan Brat

Seeking to avoid political issues that sidelined previous merger efforts, the philanthropic trust overseeing Hershey Co. has sought the blessing of the Pennsylvania attorney general for a potential $17 billion bid for **Cadbury** PLC, said several people familiar with the matter.

Attorney General Tom Corbett, a Republican who is running for governor, has yet to tell the Hershey Trust Co. what he thinks. But in recent weeks, at least one member of the trust's board of directors reached out to Mr. Corbett to see if he would block an attempt to purchase Cadbury, the target of a hostile $16.5 billion bid from **Kraft Foods** Inc., the people familiar with the matter said.

Under Pennsylvania law, the state attorney general has broad powers to regulate charitable trusts in the state—a law that has been interpreted to allow the attorney general to block the sale of Hershey or other transactions that would threaten the trust's control of Hershey.

These people said that at a meeting of the company's advisers in New York a few weeks ago, LeRoy Zimmerman, chairman of the trust and a former Pennsylvania attorney general in the 1980s, and Robert Reese, president of the trust, told the group that they had let Mr. Corbett's office know that Hershey was considering a bid for Cadbury. People in his office said they understood why Hershey would pursue a potential bid, but couldn't decide whether to bless the deal until presented with more specific details, according to the people familiar with the meeting.

The trust funds a school in Hershey, Pa., for low-income children, and depends on more than $80 million in income from its Hershey holdings to help it operate the school. Mostly through a separate class of stock, the trust holds about 80% of the voting rights in the company.

Trust board members are worried that, if the chocolate giant falls behind competitively as rivals merge, the trust may lose financial support for its mission.

Led by Mr. Zimmerman and Hershey Board Chairman James Nevels, the trust is pushing hard for the company to make a rival bid for Cadbury, said three people familiar with the matter. Tim Reeves, a spokesman for the trust, declined to comment.

Kevin Harley, press secretary for the Pennsylvania attorney general, said, "I am not going to comment on any conversations that lawyers in our office may or may not have had with the trust regarding the day-to-day activities of the trust or the future of the trust. No specific proposal has been shown to us."

As a result of the Pennsylvania law—enacted after an aborted $12.5 billion sale of Hershey to the **Wm. Wrigley Jr.** Co. in 2002—the Hershey Trust must obtain the approval of the state attorney general for any transaction that could threaten the trust's control of Hershey. If the attorney general blocks the sale, the

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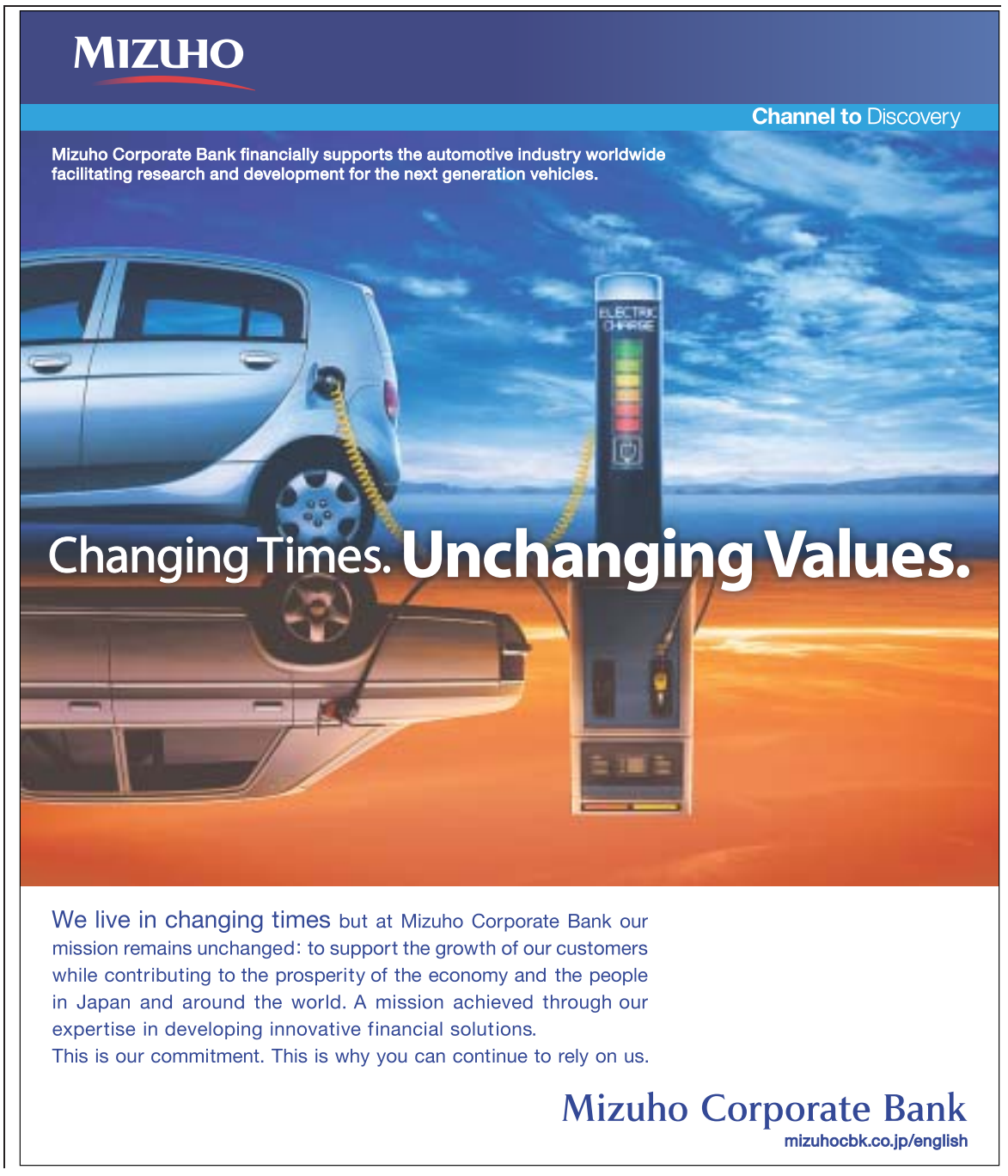
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MCC, Minara weigh BHP mine bid

By Elisabeth Behrmann

SYDNEY—Two major nickel miners are expected to launch a joint bid for **BHP Billiton**'s idled Ravensthorpe nickel mine, a person familiar with the situation said Wednesday, in a potential vote of confidence for future metal demand.

State-controlled **China Metallurgical Group** Corp. and **Minara Resources** Ltd. will bid in equal parts for the failed US$2.1 billion mine, the person said. The bidding process closed Wednesday. Minara, which previously confirmed its interest in Ravensthorpe, is 70% owned by global commodity trading giant **Glencore International** AG of Switzerland.

Poseidon Nickel Ltd. and Canada's **First Quantum** Ltd. remain in the running, a second person familiar with the sale process said.

BHP is seeking up to 500 million Australian dollars (US$460 million) for the mine, but an acquirer would also have to invest substantially to improve the operation's performance and covering restart costs.

A BHP spokeswoman reiterated that the company was investigating a divestment, a restart or a permanent closure.

Ravensthorpe has a nameplate capacity of 50,000 metric tons of nickel and cost US$2.1 billion to build after huge cost overruns and delays. It commissioned in May last year when nickel prices were high. But prices rapidly plummeted from around US$30,000 per ton to a five-year low of US$8,850 per ton in October 2008. In January, after struggling with technical issues, BHP shut the mine and subsequently wrote the value of the operation down to zero.

Bloomberg News

Left: An undated handout photograph shows BHP Billiton's Ravensthorpe nickel mine illuminated at night in Western Australia.

Interest from bidders signals that some in the industry believe long-term demand growth will help bolster the economic case for Ravensthorpe. The potential for a Chinese party's involvement underscores the role China's demand would play in any bullish forecast.

Minara—which previously sought to pair up with a bid by China's Jinchuan Group, later withdrawn—and China Metallurgical have emerged as strong contenders given their technical experience with nickel laterite mines like Ravensthorpe. The Australian government, which hopes the mine will go into production, isn't expected to interfere with bidding from two foreign-controlled firms.

Nickel laterites are deeply weathered ore bodies close to the surface. They contain lower concentrations of nickel than sulfide ore bodies, which tend to be much deeper below the surface.

Attempts to work nickel laterite ore bodies using high pressure acid leach extraction have produced a number of failed attempts since the 1990s. The corrosive nature of the high pressure extraction process is challenging and laterite mines have to process large amounts of low-grade material, meaning plants are prone to maintenance outages.

Minara has technical expertise it can apply at Ravensthorpe, having already successfully revived one troubled nickel laterite project at its Murrin Murrin mine in Western Australia using a high-pressure acid leach process.

China Metallurgical, known as MCC, operates the US$1.4 billion Ramu nickel venture, which is due to finish construction by the end of the year. Forecast to produce 31,150 metric tons a year of nickel, Ramu is also a high-pressure laterite processing venture, and the company could use expertise gained in its construction to speed up the revamp of Ravensthorpe.

China Metallurgical is making increasing inroads into Australia's resources sector. Last year, it bought the Cape Lambert Iron magnetite project in the Pilbara region in a A$400 million deal and took a 20% stake in Citic Pacific's US$3.8 billion Sino Iron project at Cape Preston.

Last week, the company agreed to back Australian mining magnate Clive Palmer's A$7.5 billion China First Coal project in Queensland.

—Alex Wilson in Melbourne contributed to this article.

Toyota to fix gas pedal on four million recalled cars

By Kate Linebaugh

DETROIT—**Toyota Motor** Corp. said Wednesday it would fix the gas pedal on four million vehicles in the U.S. that the Japanese auto maker recalled in September over sudden-acceleration issues related to floor mats causing the pedal to get stuck.

The remedy, which covers eight models of Toyota and Lexus vehicles, is expected to get under way in early 2010, the U.S. National Highway Transportation Safety Department said.

Toyota plans to shorten the gas pedal by about 20 millimeters, change the flooring under the accelerator in some models, and install a new braking system in the Toyota Camry and Avalon affected models, and the Lexus ES 350, IS 350 and IS 250 models, as an "extra measure of confidence."

Meanwhile, Toyota on Tuesday announced a recall of 110,000 Tundra pickups over a corrosion issue.

Toyota said Tundras for model years 2000 through 2003 suffer decay along a piece of the vehicle frame that can cause the spare tire to fall onto the road, creating a road hazard for other vehicles. The auto maker said excessive corrosion also can cause the loss of rear-break circuits, increasing the risk of a crash.

The recall involves Toyota Tundras that are registered in 20 mostly northern states in the U.S.

The recalls dent Toyota's reputation as a safety leader and come as the company is in the midst of turnaround efforts after posting its first annual net loss in 59 years in the previous fiscal year.

Toyota President Akio Toyoda in October apologized to the owners of the eight Toyota and Lexus models affected by the floor-mat recall. At that time, Mr. Toyoda said the auto maker was working on identifying the cause of the problem.

"The safety of our owners and the public is our utmost concern," Mr. Toyota said in a statement. "Toyota has and will continue to thoroughly investigate and take appropriate measures to address any defect trends that are identified."

Toyota declined to provide an estimate of the recall's cost. "We have not put a pencil to it," Toyota spokesman Irv Miller said during a conference call.

The auto maker said it would update the braking systems' software so that if both the brake and the accelerator are depressed the brakes will take precedent. The new system will become standard equipment in all Toyota and Lexus products starting with January 2010 production of Lexus ES350 and the Camry.

The floor-mat advisory followed a fatal crash in San Diego in September that prompted Toyota to order dealers to inspect cars for mismatched floor mats.

The models involved in the recall are: the Camry sedan, the Avalon sedan, the Prius hybrid, the Tacoma small pickup, the Tundra full-size pickup, the Lexus ES 350, the Lexus IS 250 and the Lexus IS 350, all of varying model years.

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Decision due on Rusal IPO request

Hong Kong stock exchange has wooed foreign companies, but decision-makers on this listing are a wild card

By Jonathan Cheng

HONG KONG—The Hong Kong stock exchange's listing committee is scheduled to review an application by Russian mining company UC **Rusal** on Thursday, a potential landmark issuance that could complicate the exchange's attempts to beef up its reputation on corporate governance.

A successful listing would be a boon to Rusal, which needs the US$2.5 billion share issue to bolster its overstretched balance sheet. It would also be a major achievement for exchange operator **Hong Kong Exchanges & Clearing** Ltd., known as HKEx, which has worked for years to attract companies from outside China, particularly those from the former Soviet Union.

IPO FOCUS

An initial public offering would also come loaded with complications. Rusal's billionaire founder Oleg Deripaska, a politically connected Russian tycoon, has for years been barred from getting a visa to the U.S. amid concerns among authorities there about alleged ties to organized crime, according to U.S. officials. With the IPO looming, he traveled to the U.S. twice in the past few months using special entry permits arranged by the Federal Bureau of Investigation, with whom he met during his visits, said people familiar with the trips. The FBI has declined to comment.

Mr. Deripaska denies links to organized crime and has never been charged with a crime.

Goldman Sachs Group was in the running for a top underwriting job on the deal but ultimately didn't get involved. It is unclear precisely why, but some people familiar with the matter said the Wall Street firm was unable to get comfortable with risks linked to the deal in the time frame required.

Associated Press

Oleg Deripaska's troubles with the U.S. could complicate the listing of his company, Rusal.

Sensitivities regarding Mr. Deripaska may be a source of concern to HKEx's listing committee, an independent board of lawyers, accountants, investors and shareholder-rights activists that is responsible for vetting the applications.

Though HKEx's chief executive and a number of government appointees sit on the body, the listing committee is independent of the exchange and could be a wild card. In recent months, some members of the listing committee have pushed for tougher corporate-governance reforms on listing matters, and the committee has been a locus of attention during a series of recent regulatory tugs-of-war this year.

The long-delayed Rusal IPO is aimed at giving the company breathing space to repay $16 billion in debt built up when metal prices were at record highs before the financial crisis hit last year. Rusal has applied for a primary listing in Hong Kong, with a secondary listing on Paris's Euronext.

Rusal is close to a deal to restructure $7.4 billion in debt to foreign banks, people familiar with the situation said. The finalization of the debt restructuring isn't a prerequisite for the approval of Rusal's application, a person familiar with matter said.

Russia's state Vneshekonom Bank, or VEB, which bailed out Rusal in late 2008, may buy as much as 3% of the company at the IPO. That would make VEB an "anchor investor," Finance Minister and VEB board member Alexei Kudrin said Wednesday.

Together with Mr. Deripaska, whose stake will drop below 50%, VEB will form a controlling stake. A person close to Rusal shareholders said that according to a shareholders' agreement, Mr. Deripaska will retain control of the company even if his stake drops below 50%.

HKEx has been working hard to lure companies like Rusal to list. The exchange is drafting new rules that would govern the listing of mining companies and last month streamlined the IPO process for companies incorporated in the British dependency of Jersey, where Rusal is incorporated.

If successful, Rusal's listing would be the latest in a series of Hong Kong offerings by companies outside China. U.S. casino giants Wynn Resorts Ltd. and Las Vegas Sands Corp. raised US$1.87 billion and US$2.5 billion, respectively, in separate Hong Kong listings this fall. Australian mining billionaire Clive Palmer's Resourcehouse Ltd. is also seeking a US$2.5 billion Hong Kong IPO, according to people familiar with the matter.

While in some ways the recent boom is a reflection of urgent fundraising needs, it is also the product of HKEx's efforts to grow beyond its reliance on local Hong Kong and mainland Chinese companies.

As lucrative as China's growth story has been for Hong Kong in recent years, local stock-market officials are aware of Beijing's eagerness to develop its own domestic stock markets in Shanghai and Shenzhen, forcing Hong Kong to forage for new sources of business.

Before the financial crisis, Hong Kong officials traveled to Vietnam, India, Kazakhstan, Hungary, Slovenia and a smattering of eastern Europe and Middle Eastern countries to gin up interest in a stock listing here. HKEx launched a depository regime program in 2007 to attract listing from companies in Russia and Vietnam, though none of those efforts has yet produced a listing.

—Alexander Kolyandr in Moscow contributed to this article.

China Strategic eyes Taiwan

By Perris Lee Choon Siong

TAIPEI—**China Strategic Holdings** Ltd. plans to strengthen ties to its Taiwan partner following its deal to acquire the Taiwan unit of **American International Group** Inc., the Hong Kong company's chief executive said.

Chief Executive Raymond Or said China Strategic would look to increase its stake in **Chinatrust Financial Holding** Co. after it acquires 9.95% of the Taiwan consumer-banking giant. Chinatrust agreed last week to sell the stake to China Strategic in exchange for a 30% stake in **Nan Shan Life Insurance** Co., AIG's Taiwan unit.

Mr. Or said China Strategic will increase its holding in Chinatrust to help the Taiwan firm raise its stake in Nan Shan Life. Chinatrust has said it aims to increase its ownership of Nan Shan Life to more than 50% in three years.

"That's the deal between the two companies...and by doing so, we won't dilute our commitment to safeguarding the interests of Nan Shan," Mr. Or said. "While our direct control of Nan Shan would fall, our indirect control of Chinatrust would rise."

China Strategic, primarily a battery maker owned by a group of Hong Kong businesspeople, and Hong Kong investment firm **Primus Financial Holdings** Ltd. agreed last month to jointly buy a 97.5% stake in Nan Shan Life for US$2.15 billion. Chinatrust had been one of the bidders for the unit.

Mr. Or said China Strategic had decided in late October to bring in a Taiwan partner, hoping to allay concerns on the island that China Strategic is backed by Chinese investors.

Chinese firms and individuals are prohibited from holding controlling stakes in Taiwan companies in most industries, including insurance.

Mr. Or said China Strategic had notified AIG of its planned swap with Chinatrust before the deal with Chinatrust was signed.

China Strategic is working to complete the deal with Chinatrust within nine months, as the agreement with AIG to acquire Nan Shan will expire in July, though it can be extended if necessary, Mr. Or said.

Taiwan's Investment Commission this month turned down the China Strategic consortium's application to buy Nan Shan Life, saying more papers were needed for the review.

The Financial Supervisory Commission also has criticized China Strategic for complicating the approval process by making a deal with Chinatrust before the agency had approved the acquisition of Nan Shan Life.

"We didn't intend to complicate the deal, nor do we think this will complicate the deal, because what we signed with Chinatrust was an MOU that will take effect only after we [China Strategic and Primus] receive the government's green light to take over Nan Shan," Mr. Or said.

He said China Strategic's lawyers are preparing the additional documents required by the Investment Commission and the company will submit another application to acquire Nan Shan Life before the end of the year.

Another snag to the overall deal arose this week when the financial regulator rejected Chinatrust's application to issue up to 2.5 billion new shares in a private placement.

Lee Jih-Chu, a spokeswoman for the FSC, said Chinatrust didn't state clearly in its September application the purpose of the placement, and didn't provide the information to the regulator as requested. "It's a very simple matter," Ms. Lee said. "We waited for two months."

The share placement is a crucial part of Chinatrust's plan to acquire a stake in Nan Shan Life and transfer 9.95% of itself to China Strategic.

—Jessie Ho contributed to this article.

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Beijing Auto absorbs a strategy dent

Collapse of GM's planned Saab sale delays the Chinese auto maker's attempt to gain access to foreign technology

By Patricia Jiayi Ho

BEIJING—**Beijing Automotive Industry Holding** Co. was thwarted again this week in its effort to gain access to advanced foreign technology after a deal involving **General Motors** Co.'s Saab unit fell through.

But analysts expect the Chinese auto maker to try again as it seeks a platform for extending its reach world-wide.

Beijing Auto said Wednesday it regrets the collapse of the deal. **Koenigsegg Group** AB of Sweden struck a preliminary deal in September with Beijing Auto under which the government-owned Chinese auto maker would take a minority stake in Koenigsegg, in return for helping the Swedish exotic-car maker close a funding gap to buy Saab. On Tuesday, Koenigsegg said it was backing out of the deal, citing a series of costly delays in closing its planned purchase of Saab.

Industry observers are now wondering whether Beijing Auto might continue to pursue Saab, though the company was mum about the prospect on Wednesday. "In light of Koenigsegg's withdrawal, we will cautiously re-evaluate the situation and make appropriate plans," Beijing Auto said in a written statement on Wednesday.

Imaginechina via Associated Press

Beijing Auto was to help Koenigsegg acquire Saab. Above, the Chinese company's stand at a Beijing exhibition in May.

"My gut feeling is that [Beijing Auto] will continue, even without Koenigsegg," said CSM Worldwide analyst Yale Zhang. "They seem pretty determined."

In an interview last month, Beijing Auto President Wang Dazong told The Wall Street Journal: "If you're an auto maker and want any chance in surviving, you really have to go global and become bigger."

Acquiring an overseas auto maker and foreign technology could be the best way to build a strong brand, Mr. Wang said.

Beijing Auto's bid to acquire a stake in another GM brand, **Adam Opel** GmbH of Germany, ended in July after the two sides failed to reach an agreement on issues involving intellectual-property rights.

"We understand and respect GM's choice," Beijing Auto said in a prepared statement at the time, adding it would "continue to strengthen international exchanges and cooperation."

Mr. Zhang said it is difficult to predict what will happen next, citing the example of GM abandoning a plan to sell Opel and its U.K. sister brand Vauxhall to a consortium led by Canadian auto-parts maker **Magna International** Inc. in early November after months of talks. GM said it wanted to restructure the European operations on its own.

—Norihiko Shirouzu contributed to this article.

Corning seeks more acquisition targets

By Yun-Hee Kim

HONG KONG—**Corning** Inc. is confident revenue in the current quarter will come in at more than $1 billion and is seeking acquisition targets after its purchase of Axygen BioScience Inc. in September, its top executive said.

"We're looking around. It hasn't been a very active effort in the past seven or so years, but we are starting to reactivate," said Peter Volanakis, Corning's president and chief operating officer, in a recent interview.

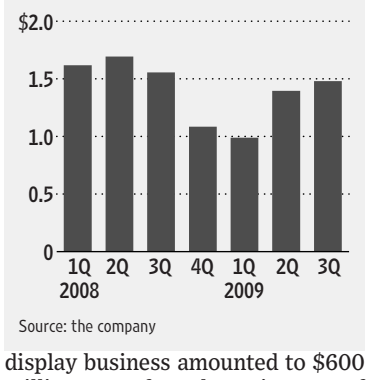
The New York-based company, the world's biggest producer of glass used in liquid-crystal-display televisions by volume, acquired all of the shares of laboratory equipment maker Axygen from American Capital Ltd. for about $400 million. Axygen was integrated into Corning's life-sciences segment.

Corning also has operations in display, telecommunications, specialty materials and environmental technologies.

Mr. Volanakis said the company has about $3 billion in cash and is looking at targets across all of its divisions, although the company isn't in any concrete talks at the moment.

"We still have a very healthy, internal investment portfolio that is R&D-driven. That's our primary vehicle for growth. But we will supplement that with acquisitions when appropriate," he said.

Corning's display-technologies business is by far the biggest revenue and profit generator for the company. In the third quarter, sales from that division amounted to $670 million out of total sales of $1.5 billion. Net income from the display business amounted to $600 million out of total net income of $643 million.



Source: the company

As major customers including **Samsung Electronics** Co. and **Sharp** Corp. move to build advanced-display-manufacturing plants in China, Corning is also evaluating a plan to set up a glass-manufacturing facility there.

Mr. Volanakis said Corning is in talks with provincial governments in eight regions in China about building such a facility. The company currently has a glass-finishing facility in Beijing.

In October, Corning opened the world's biggest glass factory next to Sharp's state-of-the-art 10th-generation LCD facility in Japan, which can churn out flat panels bigger than 60 inches for televisions.

Samsung has said it plans to set up a joint venture to build an LCD plant in Suzhou, China, that will cost about 2.6 trillion won ($2.25 billion).

"We're in discussions with a number of regions...talking to customers and government officials to sort out when and where is the best place to operate, Mr. Volanakis said, adding that Beijing, Suzhou, Guangzhou, Chengdu and Nanjing are some of the cities the company is exploring. "Given where China is going, we will be there at the right time."

LCD TVs sold in China during the first half of this year rose 86% to 9.5 million units from a year earlier, the strongest pace of growth in the world, according to market research firm DisplaySearch.

Mr. Volanakis said glass supply globally remains "very tight" in the current quarter and heading into the first quarter, which bodes well for Corning.

Corning suffered a power outage in October at its glass plant in Taichung, Taiwan. In August, an earthquake at a facility in Japan disrupted production, leading to a global shortage of glass.

Shell expects a boost from Qatar gas projects

By Guy Chazan

Royal Dutch Shell PLC's two mammoth natural-gas projects in Qatar will increase the company's cash flow by $4 billion a year when they are up and running in 2011 and give it a big boost in output, said Peter Voser, Shell's chief executive.

Peter Voser

Speaking to reporters in London, Mr. Voser said the Pearl gas-to-liquids plant and Qatargas 4, a liquefied-natural-gas development, will deliver 350,000 barrels a day of oil—about 10% of Shell's current output.

"These projects combined will have a substantial impact on Shell's world-wide production [and] generate sustained positive cash flows for decades to come," he said. Income from the Qatar ventures will underpin Shell's next wave of new investments, he added.

Mr. Voser was speaking after Shell showed analysts around Pearl and Qatargas 4, which are vital to its growth strategy. With a price tag of $18 billion to $19 billion, Pearl is the biggest single project in the global oil industry, and is the world's largest gas-to-liquids development. It will convert Qatari natural gas into diesel and other high-value oil products.

Shell hopes the projects will mark a turning point in its fortunes after years of declining oil and gas production. The company's output has fallen by as much as 15% since 2005 while its costs have risen by 40%, according to Deutsche Bank.

Shell said, however, that it was delaying the launch of Qatargas 4 by as much as 10 months—from the start of 2010 until the end of the year.

Mr. Voser said the timetable had been disrupted by delays at other LNG projects in Qatar involving other major oil companies, such as Exxon Mobil Corp., Total SA and ConocoPhillips.

Hit by a scandal in 2004 related to the misreporting of its reserves, Shell has endured some tough years. It was buffeted by political troubles in Russia, where a Kremlin-controlled gas company muscled into one of its flagship natural-gas projects, and it saw its Nigerian operations disrupted by violence.

Shell has sought to recover by investing in a string of costly long-life assets, such as Pearl, a big oil-sands venture in Canada and LNG plants in Australia and Qatar.

Some analysts questioned that strategy last year after the price of oil plummeted to around $30 from $145 a barrel. Shell was forced to take on more debt to cover its spending plans and pay its dividend, but with oil now trading between $75 and $80 a barrel, the company feels more secure.

"With oil at $80, I don't need to borrow," Mr. Voser said.

Some analysts said Shell may struggle to keep investments flowing and sustain its dividend in the next few years, as it waits for production to ramp up.

"Overall the Royal Dutch Shell investment looks like it is going to pay off, but 2010 could still be difficult," said Keith Morris at Evolution Securities, a London brokerage firm.

Mr. Voser stressed Shell wouldn't be affected by the glut now forming in natural-gas markets., which has damped spot prices for LNG.

He said some of Qatargas's future LNG output that had been destined for the U.S., where gas prices have fallen nearly 30% in the past year, has been diverted to China and Dubai, which are short of gas.

Shell is also working on new supply routes to countries like Pakistan.

Facebook holders tighten their grip

Company establishes a dual-class stock structure in a move that lays the groundwork for an eventual IPO

By Jessica E. Vascellaro

Facebook Inc. took steps to solidify the control of founder Mark Zuckerberg and other existing shareholders in the event the social-networking company goes public.

The closely held Silicon Valley firm, emulating one of **Google** Inc.'s well-known strategies, established a dual-class stock structure that would increase the voting power of Mr. Zuckerberg, who is the company's chief executive, and other existing shareholders if they hold onto their shares during an IPO.

Facebook said Tuesday the move shouldn't be construed as a signal that the company is planning to go public, saying it has "no plans" to do so "at this time."

It said it is introducing the structure "because existing shareholders wanted to maintain control over voting on certain issues" and "focus on the long-term."

As part of the plan, Facebook will convert existing holdings to Class B stock, which carry 10 times the voting power of Class A stock, according to a person who has seen documents outlining the plan.

Bloomberg News

Mark Zuckerberg, the firm's largest shareholder, wields the most power among investors through board seats he controls.

Those shares will remain Class B shares unless the owner sells them following an initial public offering, at which time they will become Class A shares, this person said.

Mr. Zuckerberg, who is 25 years old, has said in recent interviews that the company plans to go public eventually. If that happens—and existing investors hold onto their shares—the dual-class structure would enhance their control and make it easier to fend off unwanted suitors.

Mr. Zuckerberg, already the company's largest shareholder, has a percentage stake measured in double digits, according to people familiar with the matter. He already wields the most power among investors through board seats he controls.

Others with sizeable stakes include co-founder Dustin Moskovitz and Sean Parker, the company's founding president, along with early investor Peter Thiel and **Accel Partners**, a venture capital firm.

Facebook declined to comment on the ownership stakes.

The fast-growing company, which operates one of the most popular sites on the Web, said earlier this year it is generating positive cash flow and that revenue in 2009 is expected to be up more than 70% from 2008.

Mr. Zuckerberg has taken a number of steps to buy the company more time before going public, most recently allowing some employees to sell up to a million dollars in stock through a private buyback program. Under that program, Digital Sky Technologies purchased shares from Facebook employees at a price that valued the company at $6.5 billion.

Trust curtails BBC's ambitions

By Lilly Vitorovich

LONDON—The **British Broadcasting Corp.**'s controlling trust on Tuesday reined in the ambitions of the broadcaster's commercial division, blocking it from making any more acquisitions along the lines of the Lonely Planet deal and saying it should instead focus on selling BBC programs to the rest of the world.

BBC Worldwide, the main commercial arm of the mostly taxpayer-funded BBC, has been increasingly active in recent years, drawing criticism from rival television and production companies that say such commercial activities, on top of the fees the BBC gets from U.K. license payers, give the broadcaster an unfair advantage. The U.K. government has also criticized the unit, saying new activities undertaken by BBC Worldwide risk jeopardizing the corporation's reputation and could adversely affect competitors.

In particular, the unit was criticized for buying a 75% stake in Lonely Planet in 2007 for £89 million ($147.9 million). The acquisition of the publisher of travel guides was a clear departure from the BBC's television and radio programming activities, the critics said.

BBC Worldwide posted a net profit of £41.3 million in the 12 months to March 31, 2009, down from £78.1 million a year earlier, as distribution costs and administrative expenses rose. However, revenue rose to just over £1 billion, from £916 million. In total, the BBC's income was £4.61 billion during the year, with £3.49 billion coming from the license fees.

The BBC Trust, which is an independent body that oversees the use of the license fee, said the BBC would be allowed to keep Lonely Planet, but wouldn't be allowed to make similar acquisitions "unless there are exceptional circumstances." The future of Lonely Planet will also be kept under review.

The trust, which has been reviewing BBC Worldwide's activities for 18 months, said the unit should focus on securing value for license-fee payers from the BBC's intellectual property.

"Worldwide is a successful business which brings both significant financial benefits for the license-fee payer and a tangible boost to the creative economy. But the trust and the executive both acknowledge that the boundaries for Worldwide activity need to be clearer," BBC Trust Chairman Michael Lyons said.

"We're satisfied that these changes will provide much-needed clarity and a greater alignment with the BBC's public purposes, without stifling Worldwide's ability to perform as a thriving and profitable entity," he added.

The trust said the BBC would be selling off stakes in non-BBC branded channels, such as Animal Planet, over time and where "it makes commercial sense."

Rival U.K. television company Five, which is owned by **RTL Group** SA, declined to comment on the trust's decision. Another rival, **ITV** PLC, wasn't available to comment.

The trust's review of the BBC's commercial activities comes amid wider criticism of how the U.K. broadcaster spends its license fee, with the salaries of its executives and huge contracts for its highest-paid stars under scrutiny.

The criticism has grown during the recession and the corporation has committed to cutting costs by about £1.9 billion by 2013 after it achieved savings of £237 million in the 2008-2009 financial year. In July, the trust said the BBC would suspend executive-board bonus payments indefinitely and redouble efforts to trim remuneration for its presenters and actors.

The BBC also faces losing about 3% of the license fee under U.K. government plans to give a portion to rival broadcasters to help them produce public service television. The BBC is opposed to the plan.

Hershey seeks consent for a Cadbury bid

Continued from page 19

law says the trust would have to go to court and "prove by clear and convincing evidence" a sale is necessary.

"There are potential political and legal problems for the trust. They need to get the Attorney General to sign off on any deal. But then politically, the local community there likes local control," said Robert Sitkoff, a Harvard law professor who has written a paper on the aborted Wrigley-Hershey deal.

A bid for Cadbury would test Hershey financially. With annual sales of about $5.2 billion and a market cap of $8.5 billion, Hershey is about half the size of Cadbury, which has a market cap of more than $18 billion. Hershey is dwarfed by Kraft, which has annual sales and a market cap north of $40 billion. Kraft has already raised more than $9 billion to fund its offer.

Hershey has received signals from two banks, J.P. Morgan Chase and Bank of America Merrill Lynch, that at least $10 billion in cash could be raised. The rest of the money would come from other sources such as wealthy individuals, new shares and the trust's own assets.

Currently, about 85% of Hershey's sales are tied to the slow-growing U.S. candy market. Buying Cadbury would give Hershey access to fast-growing markets outside the U.S. such as India and Mexico. An acquisition also could saddle the combined company with a huge debt load that could result in Hershey's investment ratings being downgraded to junk status.

Legal Notices

INTERNATIONAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
Claim No. 16521 of 2009
IN THE MATTERS OF
MINSTER INSURANCE COMPANY LIMITED
MALVERN INSURANCE COMPANY LIMITED
THE CONTINGENCY INSURANCE COMPANY LIMITED
PROGRESS INSURANCE COMPANY LIMITED
GAN ASSURANCES IARD
QBE INSURANCE (EUROPE) LIMITED
THE RELIANCE FIRE AND ACCIDENT INSURANCE CORPORATION LIMITED
and IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 4 November 2009 made in the above matters, the High Court of Justice of England and Wales (the "**Court**") has directed that meetings ("**Meetings**") be convened of the Scheme Creditors (as defined in the proposed scheme of arrangement referred to below) of the above companies (the "**Scheme Companies**") at 11am (GMT), on 18 January 2010 at the offices of Barlow Lyde & Gilbert LLP, Beaufort House, 15 St Botolph Street, London, EC3A 7NJ, United Kingdom, for the purpose of considering, and if thought fit, approving (with or without modification) the scheme of arrangement (the "**Scheme**") proposed to be made between each of the Scheme Companies and its Scheme Creditors pursuant to Part 26 of the Companies Act 2006 (the "**Act**").

The Court has ordered that Minster Insurance Company Limited, Malvern Insurance Company Limited, The Contingency Insurance Company Limited, GAN Assurances IARD, QBE Insurance (Europe) Limited and The Reliance Fire and Accident Insurance Corporation Limited should each convene two meetings of Scheme Creditors to vote on their respective schemes as follows:

(1) for Scheme Creditors in relation to their Scheme Claims which are incurred but not reported ("**IBNR**") Claims; and

(2) for Scheme Creditors in relation to their Non-IBNR Claims.

Scheme Creditors which have Scheme Claims falling into both of these classes will be able to vote in each meeting.

In relation to the Progress Insurance Company Limited the Court has ordered that it should convene a single meeting of the Scheme Creditors to vote on the Scheme.

All Scheme Creditors will be required to register their attendance before the commencement of the Meetings. Registration will commence at 10.00 a.m. and Scheme Creditors are requested to arrive no later than 10.45 a.m. in order to register. The chairman of the Meetings will address Scheme Creditors generally on the Scheme and/or issues relevant to voting at the commencement of the Meetings.

A copy of the Scheme document required to be provided pursuant to section 897 of the Act and other documents can be downloaded from the website at www.minsterins.co.uk (the "Website"). Alternatively, hard copies of all documents can be obtained, free of charge, by contacting the Scheme Manager (as defined in the Scheme) in the manner set out below.

Scheme Creditors may attend and vote in person (or, if a corporation, by a duly authorised representative) at the relevant Meeting(s). Alternatively, they may appoint another person, whether a Scheme Creditor or not, as a proxy to attend and vote in their place. A Form of Proxy and Voting Form for use at the Meetings may be downloaded from the Website or obtained from the Scheme Manager in the manner set out below.

Whether or not Scheme Creditors are intending to be physically present at the Meetings, they are requested to complete the Form of Proxy and Voting Form in accordance with the Guidance Notes for Completion of the Form of Proxy and Voting Form and return them and any documents referred to on or accompanying the Voting Form to the Scheme Manager as soon as possible at the address below and, in any event, so that they are received by 5.00 p.m. (GMT) on 15 January 2010. Forms of Proxy and Voting Forms may also be handed in at the registration desk prior to the commencement of the Meetings. The Scheme Manager will accept faxed or emailed (in portable document format (PDF)) Forms of Proxy and Voting Forms which must have been signed as indicated thereon. A hard copy of any electronic mail or facsimile must be sent to the Scheme Manager if any of the Scheme Companies or the Scheme Manager so requests.

By the same Order, the Court has appointed Jonathan Yorke, or failing him, Clive O'Connell (both partners of Barlow Lyde & Gilbert LLP), to act as chairman of the Meetings and has directed the chairman to report the result thereof to the Court.

In order to be approved, the Scheme must be agreed by a majority in number representing not less than 75% in value of the Scheme Creditors present and voting either in person or by proxy at each of the Meetings. If agreed by the requisite majority of Scheme Creditors, the Scheme will be subject to the subsequent sanction of the Court.

Any Scheme Creditor which is unclear about or has any questions concerning the action it is required to take should contact the Scheme Manager in the manner set out below.

DATED 4 November 2009
Scheme Manager
Minster Management Services Limited, 18 Mansell Street, London E1 8AA, United Kingdom
Contact: Hilary Young or Brenda Payter
Tel: +44 (0)20 7709 5654
Fax: +44 (0)20 7709 5760
Email: minsterscheme@minsterins.co.uk
Solicitors to the Scheme Companies
Barlow Lyde & Gilbert LLP, Beaufort House, 15 St Botolph Street, London EC3A 7NJ, United Kingdom
Contact: Jonathan Yorke or Emily Cope
Tel: +44 (0)20 7247 2277
Fax: +44 (0)20 7071 9000

MARKETS

India's IPO pipeline primed to pop

Property firms head list of $5 billion in deals waiting in the wings, but quality and valuation will take focus

By John Satish Kumar

MUMBAI—India is bracing itself for a wave of initial public offerings that will raise almost $5 billion over the next six months, but some investors say not all deals will be taken up, and some may even be shelved or scaled back in size.

Investors are becoming increasingly choosy about quality, valuations and focus after the financial crisis battered confidence last year, say bankers and analysts. The recent performance of debuts such as power company **Indiabulls Power** Ltd., which is down 26% from its IPO price since listing last month, have added to the caution.

"Indian real-estate companies are collectively looking to raise $4.5 billion of equity ... however, that all won't get raised," said S. Siniwasan, chief executive of Kotak Realty Funds Group.

Godrej Properties, **Lodha Developers** and **Emaar MGF Land** are among a group of real-estate companies that are currently seeking to raise a total of $2.87 billion from IPOs, according to documents filed with the stock exchange.

So far this year, Indian companies have raised $3.18 billion from IPOs, according to Prime Database.

As with the Chinese property firms that had flooded Hong Kong's IPO markets in the past couple of months, investors in India have become picky about buying and valuations are key, say fund managers.

High valuations didn't dissuade investors from buying into property IPOs a couple of years ago, when market leader **DLF** Ltd., raised $2.25 billion in its IPO in June 2007, in one of the biggest IPOs in India.

To appeal to investors, property deals should be priced at a discount to DLF, analysts said, meaning that pricing should be around 10.3 times to 12.5 times forward earnings, a 10% to 15% discount to DLF, which is trading at 14.8 times. Weaker firms should price at up to 30% below DLF's valuations, they said.

Hot picks for investors, say analysts, are companies that have land banks located within city limits in India's seven biggest cities: Mumbai, New Delhi, Kolkata, Bangalore, Chennai, Hyderabad and Pune.

Some examples are unlisted Godrej Properties and **Oberoi Constructions**, which have assets in India's financial capital and the country's most expensive real estate market, Mumbai.

During the IPO boom of 2007, the larger the land bank, the more successful the IPO, bankers said. Now it is more about cash flow. Land banks in prime locations and a focused building strategy, where projects can be developed in the next five years, will also be better valued.

"Having a large land bank will go against you this time as it shows that the builder has no focus," said Shobhit Agarwal, joint managing director at the capital markets division of Jones Lang LaSalle Meghraj.

Reuters

Analysts are keen on companies with land banks in India's largest cities. Here, workers at a residential apartment construction site in Hyderabad during August.

CapitaMalls shares rise 8.5% on debut

By P.R. Venkat
And Sam Holmes

SINGAPORE—Shares of **CapitaMalls Asia** Ltd., Singapore's largest initial public offering in 16 years, rose 8.5% on their debut amid signs appetite for new listings in Asia is making a convincing comeback.

The retail mall operator's strong reception on Wednesday came as two other stocks, **Sany Heavy Equipment International Holdings** Co. and **Fantasia Holdings Group** Co., also made relatively firm debuts on the Hong Kong stock exchange Wednesday.

The Asian mall business of property developer **CapitaLand** Ltd. offered 1.16 billion shares in the IPO. Another 174.8 million shares were issued under an overallotment option. The IPO raised 2.8 billion Singapore dollars (US$2.02 billion) and had subscriptions equivalent to 2.7 times the stock available. The stock closed at S$2.30, up from the IPO price of S$2.12.

The IPO is the largest in Singapore since national communications carrier Singapore Telecommunications Ltd. listed in 1993.

CapitaLand Chairman Richard Hu said that the retail offering amounted to more than S$197 million.

"The company also met another objective of not cannibalizing its own shareholder base, ensuring a significant demand from new non-CapitaLand investors coming into the book," he said.

Post-listing, CapitaLand owns 65.5% of CapitaMalls Asia.

Analysts said CapitaMalls Asia will benefit from Asia's growth story, with one analyst giving it a target price of S$2.77, 31% higher than the IPO price.

DMG & Partners said it expects China to account for much of the growth at CapitaMalls Asia, given that 65% of its portfolio in terms of gross floor area is in the country.

In Hong Kong, shares in Sany Heavy Equipment, which develops and produces coal-mining machinery, rose 46% to 7.03 Hong Kong dollars (91 U.S. cents) compared with its IPO price of HK$4.80. The company raised US$308 million.

The sharp rise in Sany shares reflected "aggressive buying" mainly from institutional investors, a trader said.

Chinese property developer Fantasia ended up 2.3% in its debut at HK$2.23, after pricing its IPO at HK$2.18 a share.

Linus Yip, an analyst at First Shanghai, said the IPO price represents an earnings multiple of about 29 times, much higher than for other Chinese developers, which are trading at less than 20 times their earnings.

—Aries Poon contributed to this article.

Australia seeks $620 million from TPG

Continued from page 19

will continue to do so in the future," said a spokesman for TPG, which acquired the 109-year-old department store chain from Coles Myer Ltd., Australia's second-biggest retailer, for about $1 billion in June 2006.

The tax authority's move comes as the Australian government could reap a windfall from potential IPOs of private-equity-owned businesses. With the sharp rally in the markets, buyout firms are contemplating listing their companies and returning profits to their cash-strapped investors. But the tax office's action against TPG is causing them to reconsider floating their companies for fear of a tax hit, according to several private-equity deal makers doing business there.

The case also is a blow to TPG, which has had a number of high-profile losses over the past two years including its investment in collapsed Seattle thrift Washington Mutual Inc. The firm, with more than $20 billion in uninvested capital, has been one of the more aggressive private-equity investors in Australia, including a failed $9 billion atempt to buy Qantas Airways Ltd.

Tax experts describe TPG's ownership structure of Myer as one that is widely used by foreign investors holding assets in Australia. The Myer assets are held by a Netherlands company, which has a tax treaty with Australia. The Dutch entity is in turn owned by a company based in Luxembourg. The Luxembourg outfit is owned by a TPG unit based in the Cayman Islands.

The controversy has raised concerns among the business community in Australia, a country that is recruiting foreign investment to support the nation's infrastructure needs and economic growth. Unpredictability in a nation's tax regime can drive away capital investment.

"The uncertainty created by the tax office's actions has spooked not only the private-equity industry but all types of investors," said Andrew Rothery, chairman of the Australian Private Equity and Venture Capital Association.

The tax office's move also comes at an awkward time for the Australian government. Minister for Financial Services Chris Bowen is touring the U.S. and Britain this week to trumpet the country's potential for foreign investment by asset managers.

"We recognize the need for tax certainty," Mr. Bowen said in an interview at The Wall Street Journal's offices Tuesday. Mr. Bowen declined to weigh in on the TPG matter.

Australia isn't the only country where tax policy is a concern for the buyout industry. A push to raise taxes on private-equity-firm profits could get a fresh look by Congress next year, as the U.S. government continues to look for way to address its ballooning federal budget deficit.

Earlier proposals have suggested that a higher rate on "carried interest"—a cut of the profits private-equity firms receive on their investments—would cut the national deficit by $2.7 billion and $4.3 billion in 2011 and 2012, respectively.

Deere posts loss for fiscal quarter on charges

By Nathan Becker

Deere & Co. swung to a fiscal fourth-quarter loss as the company booked $364.8 million in charges.

Deere, often seen as a bellwether of the U.S. farm economy, has seen farm-equipment sales drop overseas amid high fuel and fertilizer costs. The global demand woes have prompted job cuts and temporary plant shutdowns. In September, J.P. Morgan said it was concerned that deteriorating conditions in the U.S. farm economy would crimp tractor and combine sales next year.

For the quarter ended Oct. 31, the world's biggest maker of farm equipment reported a loss of $222.8 million, or 53 cents a share, compared with a year-earlier profit of $345 million, or 81 cents. Excluding the charges, largely related to a write-down at Deere's landscapes unit, earnings were 23 cents. Revenue slid 28% to $5.33 billion.

Analysts polled by Thomson Reuters had most recently forecast earnings of three cents on $4.44 billion in sales.

MARKETS

Rajaratnam's brother drew scrutiny

Galleon Group founder was deposed in a 2007 insider-trading probe involving a fund run by his sibling

By Susan Pulliam

Before U.S. authorities began wiretapping hedge-fund manager Raj Rajaratnam, they were already interviewing him about another topic of interest: a hedge fund run by his brother, Rengan.

In papers filed Tuesday in a New York federal court, the **Galleon Group** founder disclosed that he was deposed by federal authorities in 2007 in an insider-trading investigation involving "an unrelated hedge fund." That fund was run by Rengan Rajaratnam, Raj's brother, people familiar with the matter said.

The disclosure surfaced as Raj Rajaratnam denied civil insider-trading charges filed last month by the Securities and Exchange Commission.

In response to the SEC complaint, Raj Rajaratnam's lawyers argued that the wiretaps used in an insider-trading case filed last month against him violated his constitutional rights. As part of that filing, Mr. Rajaratnam's lawyers argued the wiretaps were unnecessary because he was already providing information to the government in the 2007 investigation of his brother's hedge fund.

The status of the investigation of the fund run by Rengan Rajaratnam, the brother, isn't clear. The SEC declined to comment, as did federal prosecutors bringing a separate criminal case against Raj Rajaratnam.

Bloomberg News

Raj Rajaratnam arrives at a hearing in U.S. court this month.

A lawyer for Rengan Rajaratnam didn't return calls for comment. Rengan Rajaratnam hasn't been charged with any wrongdoing.

The Galleon insider-trading case is unique because it relies on extensive wiretap evidence, an investigative technique often used in drug and terrorism cases. The filing on Tuesday suggests Raj Rajaratnam will attempt to persuade the court to throw out some or all of the evidence the government gathered through wiretaps, the people familiar with the matter say. Raj Rajaratnam's lawyers are arguing that because he already was providing evidence to the U.S. there was no need for the government to wiretap his phones.

It is the latest twist in a sprawling case that has shaken Wall Street and Silicon Valley.

In October, Raj Rajaratnam was charged, along with five others, including technology executives, with participating in an insider-trading ring. Earlier this month, 14 others also were charged, including a ring of day traders and smaller hedge-fund players. All the defendants have denied the charges.

People close to the situation say the hedge fund under earlier SEC investigation was called **Sedna Capital Management** and run by Rengan Rajaratnam until late 2007, when it was shut after suffering losses. One reason Sedna closed was the cost of complying with the SEC probe, a person familiar with the matter says.

SEC investigators had been in Sedna's offices for five months, the person says. Galleon produced four million pages of documents to the SEC in association with the Sedna investigation, this person says.

It isn't clear why Galleon was asked to produce documents in the Sedna matter, or which stocks were involved in the investigation. The papers filed Tuesday say Raj Rajaratnam was interviewed by the SEC in the Sedna matter sometime before November 2007.

Rengan Rajaratnam, 39 years old, opened the hedge fund with assets of between $50 million and $100 million in 2004. It isn't clear who his investors were.

He had worked for Galleon from 2001 to 2003. He went to SAC Capital Advisors, a hedge-fund giant run by Steven A. Cohen, in mid-2003 for six months. He shut Sedna at the end of 2007.

Rengan Rajaratnam's name adds to a growing list of individuals embroiled in the scandal who worked at the Connecticut hedge fund. Choo Beng Lee, a cooperating witness in the case, agreed to provide the government with information about trading by other traders at SAC during his time there until 2004. Several other witnesses, defendants and others involved in the case also have ties to SAC, people close to the situation say. An SAC representative declined to comment. Mr. Lee pleaded guilty in the case.

Rengan Rajaratnam helped finance "Today's Special," a film that debuted at the Indian Film Festival in Manhattan earlier this month.

At Galleon, Rengan Rajaratnam had a large appetite for risk, former colleagues say. Rengan Rajaratnam returned to work at Galleon after his hedge fund closed.

In 2008, Rengan Rajaratnam lost money in his portfolio at Galleon, which stood at between $10 million and $50 million, people close to the situation say.

After the losses, Raj Rajaratnam took away Rengan's portfolio for several months, the people say. Other junior portfolio managers suffered similar fates around the same time, these people say.

Raj Rajaratnam allowed Rengan to again manage his fund at Galleon at the beginning of 2009, the people familiar with the matter say. A Galleon representative declined to comment.

AIG's Benmosche in noncompete pact

By Serena Ng

Robert Benmosche, chief executive of **American International Group** Inc., signed a noncompete agreement in a sign he is committed to remaining at the government-controlled insurer.

Mr. Benmosche "is committed to leading this company as CEO until the job is done," AIG Chairman Harvey Golub said in an interview following a board meeting on Tuesday. "The board is very satisfied that the commitment is real and heartfelt."

Robert Benmosche

In early November, Mr. Benmosche told board members he might quit after expressing frustrations about government-imposed pay curbs on AIG's top executives.

He later told employees in a memo that he was committed to staying and leading the company, which is 80% owned by U.S. taxpayers.

U.S. pay czar Kenneth Feinberg in October slashed 2009 pay packages for 13 top AIG employees. Federal officials are now pressing him to go easier on compensation packages for next year.

Mr. Benmosche's Aug. 16 employment letter stated that he had to negotiate and enter into noncompete arrangements before he could receive AIG common stock of $4 million a year, part of his $10.5 million pay package. The noncompete agreement covers other insurers.

AIG said Tuesday that Mr. Benmosche would receive his stock salary in "biweekly awards" that would vest immediately. He is restricted from selling the shares until five years after his start date, Aug. 10, 2009.

His pay package also includes $3 million in annual cash salary and up to $3.5 million in long-term incentive awards.

Mr. Golub said AIG and the U.S. Treasury will cooperate on identifying several new board members with the help of executive-search firm Korn/Ferry International.

The government gained a right to elect two or three new directors to AIG's board after the insurer in early November missed a fourth quarterly dividend payment on preferred shares issued to Treasury.

Mr. Golub said new directors appointed by Treasury "will not replace existing directors" on AIG's current 11-member board.

Mr. Golub added that he and fellow AIG director George Miles have also "felt we needed a couple more directors because of the workload we have."

Mr. Golub said he and Mr. Miles, head of the board's nominating and governance committee, met Monday with James Millstein, a Treasury official, plus Korn/Ferry recruiters to discuss the search for two or three board newcomers.

Calpers reviews advisers

BlackRock could be out as pension fund licks real-estate wounds

By Craig Karmin

Calpers is leaning toward dumping **BlackRock** Inc. as a real-estate adviser after the financial-services firm steered the U.S.'s largest pension fund into a disastrous investment in the Peter Cooper Village and Stuyvesant Town apartment complex, according to people familiar with the situation.

The $500 million sunk into the Manhattan complex by the **California Public Employees' Retirement System** is widely considered worthless, an embarrassment for BlackRock as Calpers reviews its ties to outside firms that gave it advice on real-estate deals.

The pension fund's real-estate program was down 48% in the latest fiscal year; the fund's overall decline was 24%.

In addition to vetting the deal for Calpers, a venture led by a BlackRock unit and **Tishman Speyer Properties** bought the 11,200-unit complex in 2006 in a near top-of-the-market deal valued at $5.4 billion. It is now teetering on default.

As a result, it is "a strong possibility" that Calpers will decide to get rid of BlackRock as a real-estate adviser, according to a person familiar with the fund's thinking. Calpers, which pays BlackRock a base fee plus a performance fee, paid the firm $12.6 million in real estate advisory fees last year.

BlackRock spokesman Brian Beades said the New York company doesn't comment on client activity. Brad Pacheco, a Calpers spokesman, said the $200 billion pension fund wouldn't "speculate on the future of our real-estate relationships until the review is complete."

The real-estate review began several months ago and could be completed as soon as year's end, said people familiar with process.

Many public pension funds that poured money into real estate were hurt when the bubble burst. Among such funds with more than $10 billion in assets, their real-estate programs declined by a median of 31% for the fiscal year ended in June, according to a report from Wilshire Consulting.

The second-biggest public pension fund in the U.S., the **California State Teachers' Retirement System**, took a 43% hit on its real estate in the year ended in March. A spokesman said Calstrs "is not considering any short-term changes in the portfolio."

Last month, Calpers severed ties with **MacFarlane Partners**, the San Francisco firm that advised Calpers on its investment in **LandSource Communities Development** LLC. LandSource, which owns a large tract of undeveloped land in California and filed for bankruptcy last year, is expected to cost Calpers about $970 million.

MacFarlane and BlackRock previously had plenty of success with Calpers. Starting in the early 1990s, Victor MacFarlane, MacFarlane's chairman and chief executive, worked with the pension fund on deals ranging from an inner-city Los Angeles shopping mall to the gleaming Time Warner Center in midtown Manhattan. Calpers and BlackRock teamed up in takeovers that converted rent-regulated buildings to market rates.

As part of its real-estate review, Calpers has asked some its better-performing real-estate partners to analyze the assets underperformers, people familiar with the process said.

For example, Stockbridge Real Estate Funds "was used as an independent consultant" to review MacFarlane, said Mr. Pacheco, the Calpers spokesman.

After MacFarlane resigned as a Calpers adviser, Stockbridge took on MacFarlane's business on an interim basis. Stockbridge declined to comment.

Calpers also is expected to review how the pension fund structured some of its real-estate transactions.

In some cases, Calpers agreed to serve as guarantor in the case one of its investment properties defaulted on its debt. That put the pension fund on the hook for additional cash. Calpers now is looking to share those risks with partners on future projects, according to people familiar with the matter.

Loss leaders | Two deals that went bad for Calpers

Peter Cooper Village and Stuyvesant Town apartment complex in Manhattan

Estimated loss: $500 million

Deal adviser: BlackRock, relationship under review

LandSource Communities Development's investment in a planned community of 22,000 homes in California

Estimated loss: $970 million

Deal adviser: MacFarlane, resigned last month

Photos: Reuters (Stuyvesant); Los Angeles Times/Newscom (LandSource)

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Russia to step up ruble intervention

By Katie Martin
And Ira Iosebashvili

MOSCOW—Russian authorities on Wednesday escalated their campaign to discourage speculative investments, which have been flooding the country and risk driving up the value of the ruble and destabilizing the economy.

The Russian central bank said it would to boost its intervention in the currency markets, increasing ruble sales in a recently tightened trading range.

In a parallel step, Finance Minister Alexei Kudrin outlined plans to ramp up banks' reserve requirements, a step designed in part to tighten money supply and take upward pressure off the ruble.

"We, like many other markets, have received a large influx of short-term speculative capital from the world markets," Mr. Kudrin said. "At these levels, the [stock] market is overheated by speculative capital." Russia's RTS stock index has climbed by over 65% since January, with the ruble rising 20% against the dollar in the same period.

The announcements came a day after the central bank cut interest rates by half of a percentage point, a move the bank hopes will discourage currency speculators. As a further step, the central bank has talked about possible controls on cross-border currency transactions.

So far, nothing has worked to turn away massive inflows of foreign investment or to drag down the high value of the ruble, which has been hurting Russia's small but important nonoil exporters.

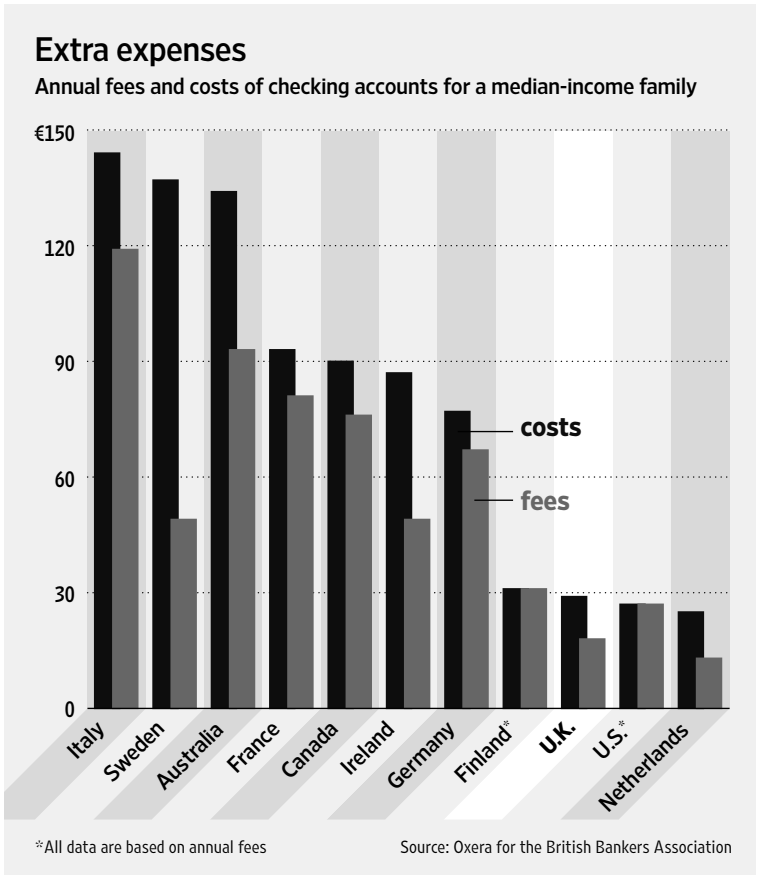
The dollar has been declining against most major currencies as investors maintain a generally buoyant outlook. It hit a fresh 15-month low against a basket of currencies from major trading partners Wednesday, and was at about 28.80 rubles—just above its low for 2009.

Jerome Booth, head of research at Ashmore Investment Management, which has more than $3 billion in assets under management, said of Russia's efforts to tame the ruble: "Emerging-market currencies are appreciating and they're going to keep on appreciating against currencies from the old world. Russia has to adapt to that."

At the core of the problem is the rising price of oil—Russia's dominant export—and Russia's interest rates, which at about 9% are among the highest in the world. The combination is a major draw for investors looking for alternatives to the U.S., the euro zone and Japan, where interest rates are just above zero.

The ruble is a favorite haven for the "carry trade" strategy in global currency markets, where traders borrow cheaply in, say, dollars to invest at higher rates in Russian money markets.

As long as rates stay high and strong oil prices persist, there is little chance of a ruble tumble, economists say. "There's still a big carry there," said Neil Shearing, an economist at consultancy Capital Economics in London. "And everything is inherently tied to the oil price."



British banks win an overdraft ruling

Lenders escape a fee crackdown on appeal

By Margot Patrick And Sara Schaefer Muñoz

LONDON—Some of the U.K.'s biggest banks will continue to be allowed to set their own prices on charges for customer overdrafts after a surprise court verdict Wednesday.

If the banks had lost the appeal—which observers had expected would be the outcome after two other courts ruled against them—an estimated £2.6 billion ($4.31 billion) in annual revenue from unauthorized overdrafts would have been at risk.

The banks might have had to pay £1 billion or more in charges they had previously collected.

Such a verdict would have weighed on banks' profitability as they struggle with the economic downturn.

It also could have prompted them to levy fees for checking accounts, which U.K. customers have come to expect as free. "It could [have been] the end of free banking in the U.K," said Morgan Stanley analyst Steven Hayne.

The banks affected manage about 90% of the nation's personal checking accounts. They are **Royal Bank of Scotland Group** PLC and **Lloyds Banking Group** PLC, and **Banco Santander** SA's Abbey National, **Barclays** PLC, **HSBC Holdings** PLC, **Nationwide Building Society** and **National Australia Bank** Ltd.'s Clydesdale Bank PLC.

Consumer groups called the ruling a serious blow, while the U.K. Office of Fair Trading, the consumer-protection agency that had brought the case against the banks, said it was disappointed and might scrap its 2½-year investigation into the fairness of the charges.

The case centered on whether the OFT could deem the charges unfair under existing consumer-protection rules.

The court wasn't deciding whether the charges are fair, but on whether the consumer-protection rules could be applied to these particular types of charges.

"I think [banks] will be breathing a small sigh of relief, but the issue of customers being unhappy with overdraft charges is not going to go away and that will need to be dealt with," said Julian Skan, the head of the U.K. banking practice for the management-consulting company Accenture.

When it comes to the cost of banking, consumers in the U.K. enjoy some of the lowest fees in the world, according to research by Accenture.

A median-income family pays €18 ($26.93) in annual fees in the U.K., compared with €27 in the U.S. and €119 in Italy, not including overdraft charges.

The OFT brought the case in July 2007, several months after it launched an investigation into the charges, attempting to clarify legally whether the agency was allowed to limit the fees.

In October, banks agreed with the OFT to make costs on checking accounts, known as current accounts in the U.K., more transparent by measures such as making charges more prominent on monthly statements.

OFT research says banks made an aggregate £8.3 billion in revenue from personal checking accounts in 2006, or about £152 per account, mainly from net interest income on the money held, and from overdraft charges.

The U.K. government said it will look for other ways to make bank charges fairer.

The British Bankers' Association, an industry body representing the banks, said the ruling brings clarity to the matter. Barclays and Lloyds issued statements saying they welcomed the ruling.

The U.K. overdraft decision comes as U.S. officials are cracking down on credit-card interest rates and fees. A law slated to go into effect in February limits banks' ability to raise rates and fees on existing balances and bans other controversial practices.

Rivals' gains hit LSE net

By Vladimir Guevarra

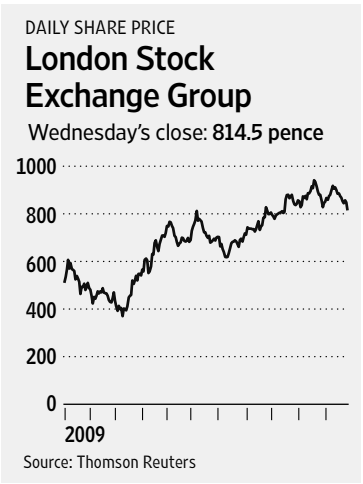
LONDON—**London Stock Exchange Group** PLC posted a 40% fall in first-half net profit as its share of equity trading fell, but Chief Executive Xavier Rolet played down the prospects of the smaller trading platforms, or multilateral trading facilities, that have benefited at the LSE's expense.

"It's clear that none of the MTFs could successfully build their platform with their current pricing levels. They're too low and structurally unprofitable," he said. "Even if they double or quadruple their market share, they still can't make money. At their current pricing levels, they have to find new sources of revenue, new products. Innovating and rolling out new products cost money and requires capital," he said.

The LSE, which also operates Italy's Borsa Italiana, said net profit in the six months to Sept. 30 was £49.3 million ($81.7 million), down from £81.7 million a year earlier. Revenue fell 9.2% to £310.9 million from £342.5 million.

"The overall group performance reflected market conditions depressed by the fallout from turmoil in financial markets last year and increased competition, particularly in U.K. cash equities trading, which, as expected, resulted in a weaker performance in the capital markets division," Mr. Rolet said.

The exchange operator, which is facing increasing competition from newer, smaller pan-European trading platforms like **Chi-X Europe** Ltd., **BATS Europe** and **Nasdaq OMX Europe**, has seen its share of trading of FTSE 100 stocks fall to 59.5% in October from around 77% a year earlier, based on data from Thomson Reuters.



As new companies have entered the market, the LSE has been under pressure to lower fees to retain large-value trades, in particular. One player, Chi-X Europe, in October grabbed 23% of trades in FTSE 100 stocks.

Under Mr. Rolet, who succeeded Clara Furse as CEO in May, the LSE is investing in technology and looking at ways to cut costs—all part of a plan to become a leaner organization with a more diversified business.

At the LSE's core capital-markets division, first-half revenue fell 21% to £147.2 million as the cash equities business, its biggest, suffered a 33% drop in revenue contributions to £70.9 million. This reflects "difficult underlying market conditions," it said.

The exchange operator's two other divisions appeared resilient. At the post-trade division, which comprises the clearing-and-settlements business in Italy, revenue rose 16% to £59.3 million. Revenue at the information and technology-services division, which distributes real-time market data, was up 1% to £103.5 million.

The company announced an interim dividend of 8.4 pence a share, unchanged from the first half of last year.

Mr. Rolet said he expects trading volumes to rise next year after a seasonal slowdown this month and in December. "I would say that the short-term estimate should be quite conservative, but we're certainly looking to an increased level of activity in 2010," he said.

Ongoing talks to buy rival trading platform Turquoise should be wrapped up soon, the CEO said. "We're talking about the short term, and a quarter sounds more like the medium term...We're expecting a reasonably prompt resolution on this," he said.

Turquoise's nine investment-bank shareholders are looking to divest their interests in the trading platform because they feel the venture has achieved its main goal: exploiting changes in regulation to apply competitive pressure to Europe's top exchanges.

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MARKETS

Japan yields on long bonds edge higher

By Megumi Fujikawa

TOKYO—Japanese government-bond yields ended mixed Wednesday despite a favorable auction of two-year debt.

The benchmark 10-year yield edged up 0.005 percentage point to 1.295% after touching a six-week intraday low of 1.28%.

BOND MARKETS

The two-year yield fell 0.01 percentage point to 0.235%, while the 20-year yield added 0.015 percentage point to 2.04%.

Despite the rise in longer-term yields, the market remains biased toward lower yields given the typical duration-lengthening trades before the end of the month, as well as worries that the domestic stock market could fall further and that the yen could continue to rise, analysts said.

The government sold 2.402 trillion yen ($27.13 billion) of 0.3% two-year notes at a lowest price of 100.12, higher than traders' expectations of 100.11, to yield 0.239%.

"The fact that the JGB market has survived a series of auctions in which sizes were increased [to make up for sluggish sales of bonds aimed at retail investors] is likely to ease concerns over next Tuesday's key 10-year auction," said Credit Suisse strategist Akito Fukunaga.

Next week's 10-year auction is slated to sell 2.2 trillion yen of paper, up 100 billion yen from previous sales.

Manulife Global Fund
("the Company")

Important:Suspension of Dealing of Manulife Global Fund - Turkey Equity Fund

With the closure of İstanbul Stock Exchange (İMKB) for two days, on November 27, 2009 and November 30, 2009, due to the religious holiday, Eid al-Adha holiday, the Board of the Company decided to suspend valuation and dealing of Manulife Global Fund - Turkey Equity Fund (the "Fund") from November 27, 2009 (Friday) to November 30, 2009 (Monday).

Pursuant to the Prospectus of the Company, the Company may suspend valuation and dealing of each fund in the circumstance of closure of, or suspension of, or restriction of trading on any stock exchange or other market on which a substantial proportion of the relevant investments are quoted.

All instructions in respect of subscription, redemption and switching of shares of the Fund submitted on November 27, 2009 and November 30, 2009 will be processed after resumption of valuation and dealing. During the suspension, Shareholder may withdraw his request in respect of any shares not issued, redeemed or switched.

The Fund will resume valuation and dealing on December 1, 2009 (Tuesday).

For further information about the matters please contact the Administrator of the Company, Citibank International plc (Luxembourg Branch) at telephone number (352) 45 14 14 258 or fax number (352) 45 14 14 332 or the Hong Kong Distributor, Manulife Asset Management (Hong Kong) Limited, at telephone number (852) 2108 1110 or fax number (852) 2810 9510 at any time during normal business hours.

For and on behalf of the Board
November 26, 2009

Treasury prices fall after U.S. data, ahead of sale

By Min Zeng

NEW YORK—A bout of selling hit the Treasury market Wednesday morning following the release of mostly upbeat economic data, which dimmed the allure of low-risk government debt.

U.S. CREDIT MARKETS

Long-dated Treasurys bore the brunt of the selling as investors also prepared for a record $32 billion seven-year note auction at 1 p.m. EST, the last leg of the government's $118 billion note supply this week. Trading volume was lighter than usual ahead of Thanksgiving.

The weekly jobless claims were down more than economists' forecasts, with the number falling below the 500,000 mark for the first time since early January, signaling improvement in the labor market. Personal income and spending also rose more than forecast, which overshadowed an unexpected drop in durable goods.

At late morning, the two-year note was unchanged at 100 1/32 to yield 0.7342%, the 10-year note was down 3/32 to 100 13/32 to yield 3.3267% and the 30-year bond was 16/32 lower at 101 16/32 to yield 4.2856%.

Commerce Department data Wednesday showed spending last month rose 0.7% compared with a September decline of 0.6%, while personal income rose 0.2% for the second month in a row. Economists surveyed by Dow Jones Newswires had forecast consumer spending would rise 0.6% in October, while income would increase 0.1%.

Initial claims for jobless benefits declined 35,000 to 466,000 in the week ended Nov. 21, the Labor Department said in its weekly report Wednesday. The previous week's level was revised to 501,000 from 505,000. This represents the lowest figure for claims since Sept. 13, 2008.

Tuesday, the government notched a well-received auction of five-year notes, reinforcing the appeal of government debt.

The sale was the second of three in this week's record $118 billion fund raising for the Treasury.

Most market watchers had seen low chances of a strong turnout for Tuesday's l argest-ever, $42 billion auction of five-year notes. But heavy demand pushed the government's borrowing costs lower for the new 2.125% paper due Nov. 30, 2014.

FUND SCORECARD

Asia Bond

Funds that invest in Asian bonds and money market securities, exclusive of those that qualify for one of the other currency-specific categories. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending November 25, 2009

Leading 15 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
4	**Templeton Asian Bond A Acc $**	Franklin Templeton Investment Funds	USD	Luxembrg	**22.51**	52.80	8.24	NS
3	**Legg Mason Asian Bond**	Legg Mason Asset Mgnt Singapore Pte Ltd	SGD	Singapore	**30.01**	52.62	4.01	6.72
4	**Lloyds TSB Money NZD**	Lloyds TSB Offshore Fund Managers	NZD	Jersey	**28.01**	43.21	3.72	6.57
4	**ING (L) Renta Asian Debt P Acc**	ING Investment Management Luxembourg	USD	Luxembrg	**36.18**	43.16	7.39	6.48
NS	**Principal Asia Pacific H Inc Bd**	Principal Global Investors (Asia) Ltd	USD	Hong Kong	**35.72**	36.60	-1.44	NS
2	**Aberdeen SP Asia Credit SGD**	Aberdeen Asset Management Asia Limited	SGD	Singapore	**28.71**	36.51	0.19	2.85
4	**CS BF (Lux) Asia Aberdeen A**	Credit Suisse Bd Fd Management Company	USD	Luxembrg	**23.91**	36.30	8.05	NS
4	**BGF Asian Tiger Bond A1 USD**	Blackrock (Luxembourg) S.A.	USD	Luxembrg	**24.78**	34.58	6.39	5.54
5	**HSBC IF Asian Bond**	HSBC Asset Management Hong Kong Ltd	USD	Cayman Isl	**20.89**	32.09	6.94	7.11
3	**CAAM Funds Asian Income C**	Crédit Agricole-LCL	USD	Luxembrg	**31.48**	31.68	1.96	3.32

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	11/25	EUR	54.59	22.3	40.3	-26.6
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	11/24	USD	10.28	25.2	33.9	-14.7
Am Eq Blend B	US	EQ	LUX	11/24	USD	9.66	24.0	32.5	-15.6
Am Growth A	US	EQ	LUX	11/24	USD	30.48	33.1	51.0	-6.2
Am Growth AX	US	EQ	LUX	11/24	USD	32.89	33.8	51.9	-5.6
Am Growth B	US	EQ	LUX	11/24	USD	25.66	31.9	49.5	-7.1
Am Growth C	US	EQ	LUX	11/24	USD	27.59	32.6	50.3	-6.5
Am Growth I	US	EQ	LUX	11/24	USD	33.76	34.1	52.2	-5.4
Am Income A	US	BD	LUX	11/24	USD	8.45	24.1	35.6	5.6
Am Income A2	US	BD	LUX	11/24	USD	18.96	24.6	35.3	5.5
Am Income A2	OT	OT	NA	11/24	HKD	146.94	NS	NS	NS
Am Income AT	OT	OT	NA	11/24	HKD	65.57	NS	NS	NS
Am Income AT	US	BD	LUX	11/24	USD	8.46	24.6	35.3	5.6
Am Income B	US	BD	LUX	11/24	USD	8.45	23.3	34.5	4.7
Am Income B2	US	BD	LUX	11/24	USD	16.35	23.8	34.3	4.8
Am Income B2	OT	OT	NA	11/24	HKD	126.71	NS	NS	NS
Am Income BT	OT	OT	NA	11/24	HKD	65.88	NS	NS	NS
Am Income BT	US	BD	LUX	11/24	USD	8.50	23.8	34.5	4.8
Am Income C	US	BD	LUX	11/24	USD	8.45	23.6	34.9	5.0
Am Income C2	US	BD	LUX	11/24	USD	24.32	24.1	34.8	5.1
Am Income I	US	BD	LUX	11/24	USD	8.45	24.8	36.4	6.2
Am Value A	US	EQ	LUX	11/24	USD	8.48	17.6	35.5	-13.5
Am Value B	US	EQ	LUX	11/24	USD	7.81	16.4	34.2	-14.4
Am Value C	US	EQ	LUX	11/24	USD	8.49	17.1	35.0	-13.9
Am Value I	US	EQ	LUX	11/24	USD	9.12	18.4	36.7	-12.8
Asian Technology A	OT	OT	LUX	11/24	USD	14.57	66.5	86.3	-5.2
Asian Technology B	OT	EQ	LUX	11/24	USD	12.76	65.1	84.4	-6.1
Asian Technology I	OT	EQ	LUX	11/24	USD	16.23	67.7	87.8	-4.4
Emg Mkts Debt A	GL	BD	LUX	11/24	USD	15.66	43.6	62.2	8.6
Emg Mkts Debt A2	GL	BD	LUX	11/24	USD	20.10	44.4	62.0	8.6
Emg Mkts Debt AT	GL	BD	LUX	11/24	USD	15.76	44.4	62.0	8.7
Emg Mkts Debt B	GL	BD	LUX	11/24	USD	15.66	42.5	60.7	7.6
Emg Mkts Debt B2	GL	BD	LUX	11/24	USD	19.38	43.1	60.4	7.6
Emg Mkts Debt BT	GL	BD	LUX	11/24	USD	15.74	43.1	60.4	7.6
Emg Mkts Debt C	GL	BD	LUX	11/24	USD	15.66	43.1	61.5	8.1
Emg Mkts Debt C2	GL	BD	LUX	11/24	USD	19.76	43.8	61.3	8.1
Emg Mkts Debt I	GL	BD	LUX	11/24	USD	15.66	44.2	63.0	9.2
Emg Mkts Growth A	GL	EQ	LUX	11/24	USD	33.77	68.5	83.5	-13.2
Emg Mkts Growth B	GL	EQ	LUX	11/24	USD	28.65	67.1	81.7	-14.0
Emg Mkts Growth C	GL	EQ	LUX	11/24	USD	29.29	67.9	82.7	-13.6
Emg Mkts Growth I	GL	EQ	LUX	11/24	USD	37.41	69.7	85.0	-12.5
Eur Growth A	OT	OT	LUX	11/24	USD	10.26	23.2	23.2	-18.2
Eur Growth A	OT	OT	LUX	11/24	EUR	6.86	23.2	23.2	-18.2
Eur Growth B	OT	OT	LUX	11/24	EUR	6.18	22.1	22.1	-19.0
Eur Growth B	OT	OT	LUX	11/24	USD	9.25	22.1	22.1	-19.0
Eur Growth C	EU	EQ	LUX	11/24	EUR	5.20	22.6	22.6	-18.5
Eur Growth I	OT	OT	LUX	11/24	USD	11.18	23.9	24.1	-17.6
Eur Growth I	OT	OT	LUX	11/24	EUR	7.47	23.9	24.1	-17.6
Eur Income A	OT	OT	LUX	11/24	EUR	6.62	38.5	34.9	3.6
Eur Income A	OT	OT	LUX	11/24	USD	9.90	38.5	34.9	3.6
Eur Income A2	OT	OT	LUX	11/24	EUR	12.83	39.3	34.9	3.7
Eur Income A2	OT	OT	LUX	11/24	USD	19.19	39.3	34.9	3.7
Eur Income AT	EU	BD	LUX	11/24	EUR	6.64	39.3	35.1	3.7
Eur Income B	OT	OT	LUX	11/24	EUR	6.62	37.8	34.0	2.9
Eur Income B	OT	OT	LUX	11/24	USD	9.90	37.8	34.0	2.9
Eur Income B2	OT	OT	LUX	11/24	EUR	11.94	38.4	34.0	2.9
Eur Income B2	OT	OT	LUX	11/24	USD	17.86	38.4	34.0	2.9
Eur Income BT	EU	BD	LUX	11/24	EUR	6.64	38.5	33.9	3.0
Eur Income C	OT	OT	LUX	11/24	EUR	6.62	38.1	34.3	3.1
Eur Income C	OT	OT	LUX	11/24	USD	9.90	38.1	34.3	3.1
Eur Income C2	OT	OT	LUX	11/24	EUR	12.80	38.8	34.5	3.2
Eur Income C2	OT	OT	LUX	11/24	USD	19.15	38.8	34.5	3.2
Eur Income I	OT	OT	LUX	11/24	EUR	6.62	39.1	35.6	4.2
Eur Income I	OT	OT	LUX	11/24	USD	9.90	39.1	35.6	4.2
Eur Strat Value A	OT	OT	LUX	11/24	EUR	8.30	19.3	20.5	-21.9
Eur Strat Value A	OT	OT	LUX	11/24	USD	12.42	19.3	20.5	-21.9
Eur Strat Value I	OT	OT	LUX	11/24	EUR	8.49	20.1	21.5	-21.2
Eur Strat Value I	OT	OT	LUX	11/24	USD	12.70	20.1	21.5	-21.2
Eur Value A	OT	OT	LUX	11/24	USD	13.39	22.9	25.2	-19.0
Eur Value A	OT	OT	LUX	11/24	EUR	8.95	22.9	25.2	-19.0
Eur Value B	OT	OT	LUX	11/24	EUR	8.24	21.7	23.9	-19.8
Eur Value B	OT	OT	LUX	11/24	USD	12.33	21.7	23.9	-19.8
Eur Value C	OT	OT	LUX	11/24	USD	12.96	22.3	24.6	-19.4
Eur Value C	OT	OT	LUX	11/24	EUR	8.66	22.3	24.6	-19.4
Eur Value I	OT	OT	LUX	11/24	EUR	15.45	23.7	26.3	-18.3
Eur Value I	OT	OT	LUX	11/24	USD	10.33	23.7	26.3	-18.3
GI Balanced (Euro) A	OT	OT	LUX	11/24	USD	16.86	18.9	23.7	-11.3
GI Balanced (Euro) B	OT	OT	LUX	11/24	USD	16.44	17.8	22.5	-12.2
GI Balanced (Euro) C	OT	OT	LUX	11/24	USD	16.73	18.6	23.3	-11.6
GI Balanced (Euro) I	OT	OT	LUX	11/24	USD	17.16	NS	NS	NS
GI Balanced A	US	BA	LUX	11/24	USD	16.46	23.9	32.0	-10.4
GI Balanced B	US	BA	LUX	11/24	USD	15.67	22.8	30.8	-11.3
GI Balanced C	OT	OT	LUX	11/24	USD	16.22	23.5	31.7	-10.6
GI Balanced C	OT	OT	LUX	11/24	EUR	10.84	23.5	31.7	-10.6
GI Balanced I	US	BA	LUX	11/24	USD	17.06	24.6	33.0	-9.7
GI Bond A	US	BD	LUX	11/24	USD	9.33	13.0	18.7	4.7
GI Bond A2	US	BD	LUX	11/24	USD	16.09	13.2	18.6	4.6
GI Bond A2	OT	OT	NA	11/24	HKD	124.70	13.2	18.6	4.6
GI Bond AT	OT	OT	LUX	11/24	HKD	72.31	13.2	18.6	4.6
GI Bond AT	US	BD	LUX	11/24	USD	9.33	13.2	18.6	4.6
GI Bond B	US	BD	LUX	11/24	USD	9.33	12.1	17.6	3.6
GI Bond B2	US	BD	LUX	11/24	USD	14.11	12.3	17.5	3.6
GI Bond B2	OT	OT	NA	11/24	HKD	109.35	12.3	17.5	3.6
GI Bond BT	OT	OT	LUX	11/24	HKD	72.62	12.3	17.5	3.6
GI Bond BT	US	BD	LUX	11/24	USD	9.37	12.3	17.5	3.6
GI Bond C	US	BD	LUX	11/24	USD	9.33	12.6	18.2	4.2
GI Bond C2	US	BD	LUX	11/24	USD	13.97	12.8	18.1	4.1
GI Bond I	US	BD	LUX	11/24	USD	9.33	13.5	19.4	5.3
GI Conservative A	US	BA	LUX	11/24	USD	14.98	16.3	21.7	-3.8
GI Conservative A2	US	BA	LUX	11/24	USD	16.94	16.2	21.6	-3.8
GI Conservative B	US	BA	LUX	11/24	USD	14.94	15.2	20.5	-4.8
GI Conservative B2	US	BA	LUX	11/24	USD	16.12	15.2	20.5	-4.8
GI Conservative C	US	BA	LUX	11/24	USD	14.96	15.8	21.2	-4.2
GI Conservative C2	US	BA	LUX	11/24	USD	16.58	15.8	21.1	-4.2
GI Conservative I	US	BA	LUX	11/24	USD	15.05	17.1	22.7	-3.1
GI Eq Blend A	GL	EQ	LUX	11/24	USD	11.60	29.8	40.1	-20.7
GI Eq Blend B	GL	EQ	LUX	11/24	USD	10.90	28.7	38.9	-21.5
GI Eq Blend C	GL	EQ	LUX	11/24	USD	11.40	29.3	39.5	-21.0
GI Eq Blend I	GL	EQ	LUX	11/24	USD	12.23	30.8	41.4	-20.0
GI Growth A	GL	EQ	LUX	11/24	USD	41.57	28.9	37.2	-21.4
GI Growth B	GL	EQ	LUX	11/24	USD	34.74	27.8	35.9	-22.2
GI Growth C	GL	EQ	LUX	11/24	USD	39.91	28.4	36.6	-21.8
GI Growth I	GL	EQ	LUX	11/24	USD	46.12	29.8	38.4	-20.8
GI High Yield A	US	BD	LUX	11/24	USD	4.27	56.2	67.9	3.8
GI High Yield A2	US	BD	LUX	11/24	USD	9.05	57.1	67.6	3.7
GI High Yield A2	OT	OT	NA	11/24	HKD	70.14	57.1	67.6	3.7
GI High Yield AT	OT	OT	NA	11/24	HKD	32.86	57.2	67.3	3.7
GI High Yield AT	US	BD	LUX	11/24	USD	4.24	57.2	67.3	3.7
GI High Yield B	US	BD	LUX	11/24	USD	4.27	54.5	65.6	2.6
GI High Yield B2	US	BD	LUX	11/24	USD	14.56	55.7	65.8	2.7
GI High Yield B2	OT	OT	NA	11/24	HKD	112.84	55.7	65.8	2.7
GI High Yield BT	OT	OT	NA	11/24	HKD	33.40	55.4	65.9	2.7
GI High Yield BT	US	BD	LUX	11/24	USD	4.31	55.4	65.9	2.7
GI High Yield C	US	BD	LUX	11/24	USD	4.27	55.5	66.9	3.3
GI High Yield C2	US	BD	LUX	11/24	USD	13.42	56.6	66.7	3.3
GI High Yield I	US	BD	LUX	11/24	USD	4.27	57.2	69.1	4.5
GI Value A	GL	EQ	LUX	11/24	USD	11.11	30.9	43.4	-20.0
GI Value B	GL	EQ	LUX	11/24	USD	10.21	29.6	41.8	-20.8
GI Value C	GL	EQ	LUX	11/24	USD	10.80	30.3	42.7	-20.4
GI Value I	GL	EQ	LUX	11/24	USD	11.80	31.7	44.3	-19.4
Greater China A	AS	EQ	LUX	11/24	USD	39.77	55.0	74.0	-15.9
Greater China B	AS	EQ	LUX	11/24	USD	35.23	53.6	72.3	-16.8
Greater China C	AS	EQ	LUX	11/24	USD	39.28	54.4	73.2	-16.3
India Growth A	OT	OT	LUX	11/24	USD	124.68	NS	NS	NS
India Growth AX	OT	OT	LUX	11/24	USD	108.95	88.6	107.6	-7.2
India Growth B	OT	OT	LUX	11/24	USD	130.75	NS	NS	NS
India Growth BX	OT	OT	LUX	11/24	USD	93.23	86.9	105.6	-8.1
India Growth I	EA	EQ	LUX	11/24	USD	112.85	89.3	108.4	-6.8
Int'l Health Care A	OT	EQ	LUX	11/24	USD	134.25	14.3	24.1	-9.5
Int'l Health Care B	OT	EQ	LUX	11/24	USD	113.35	13.3	22.9	-10.4
Int'l Health Care C	OT	EQ	LUX	11/24	USD	128.72	13.9	23.6	-9.9
Int'l Health Care I	OT	EQ	LUX	11/24	USD	146.56	15.2	25.1	-8.8
Int'l Technology A	OT	EQ	LUX	11/24	USD	104.65	43.1	51.5	-12.8
Int'l Technology B	OT	EQ	LUX	11/24	USD	90.78	41.8	50.0	-13.7
Int'l Technology C	OT	EQ	LUX	11/24	USD	101.18	42.5	50.9	-13.2
Int'l Technology I	OT	EQ	LUX	11/24	USD	117.25	44.1	52.7	-12.1
Japan Eq Blend A	JP	EQ	LUX	11/24	JPY	5358.00	-0.1	4.2	-26.5
Japan Eq Blend B	JP	EQ	LUX	11/24	JPY	5175.00	-1.1	3.2	-27.2
Japan Eq Blend C	JP	EQ	LUX	11/24	JPY	5275.00	-0.5	3.8	-26.8
Japan Growth A	JP	EQ	LUX	11/24	JPY	5287.00	-5.0	-1.9	-26.8
Japan Growth B	JP	EQ	LUX	11/24	JPY	5107.00	-5.8	-2.9	-27.5
Japan Growth C	JP	EQ	LUX	11/24	JPY	5206.00	-5.3	-2.3	-27.1
Japan Strat Value A	JP	EQ	LUX	11/24	JPY	5421.00	5.1	10.7	-26.3
Japan Strat Value B	JP	EQ	LUX	11/24	JPY	5241.00	4.2	9.6	-27.1
Japan Strat Value C	JP	EQ	LUX	11/24	JPY	5333.00	4.7	10.2	-26.7
Real Estate Sec. A	OT	EQ	LUX	11/24	USD	13.84	29.7	53.4	-17.8
Real Estate Sec. B	OT	EQ	LUX	11/24	USD	12.66	28.5	52.0	-18.6
Real Estate Sec. I	OT	EQ	LUX	11/24	USD	14.86	30.6	54.6	-17.2
Short Mat Dollar A	US	BD	LUX	11/24	USD	7.21	10.2	10.8	-6.8
Short Mat Dollar A2	US	BD	LUX	11/24	USD	9.68	10.5	10.9	-6.9
Short Mat Dollar AT	US	BD	LUX	11/24	USD	7.22	10.6	11.0	-6.8
Short Mat Dollar B	US	BD	LUX	11/24	USD	7.21	9.7	10.3	-7.2
Short Mat Dollar B2	US	BD	LUX	11/24	USD	9.64	10.0	10.4	-7.3
Short Mat Dollar BT	OT	OT	LUX	11/24	USD	7.23	9.4	9.8	-7.5
Short Mat Dollar C	US	BD	LUX	11/24	USD	7.21	9.7	10.3	-7.2
Short Mat Dollar C2	US	BD	LUX	11/24	USD	13.63	10.1	10.4	-7.2
Short Mat Dollar I	US	BD	LUX	11/24	USD	7.21	10.7	11.5	-6.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	11/23	USD	118.84	18.8	18.4	9.7
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	09/30	USD	108.96	6.0	3.6	-31.0
Platinm-Emancipation	OT	OT	USA	09/30	USD	96.83	29.4	0.4	-7.7
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	09/30	USD	55.93	NS	8.3	-39.0

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	11/17	USD	48.56	-41.7	-36.9	5.5
Superfund GCT USD*	GL	EQ	LUX	11/17	USD	2508.00	-31.3	-29.0	4.8
Superfund Green Gold A (SPC)	OT	OT	CYM	11/17	USD	1108.42	-4.7	15.9	18.1
Superfund Green Gold B (SPC)	OT	OT	CYM	11/17	USD	1123.95	-16.6	2.5	16.7
Superfund Q-AG*	OT	OT	AUT	11/17	EUR	7118.00	-18.8	-16.4	7.2
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	10/30	EUR	939.64	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	10/30	GBP	943.02	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	10/30	USD	1189.62	-6.2	-1.5	3.1
Winton Futures EUR Cls C	OT	OT	VGB	10/30	EUR	192.39	-6.5	0.0	7.8
Winton Futures GBP Cls D	OT	OT	VGB	10/30	GBP	207.72	-6.4	0.6	8.9
Winton Futures JPY Cls E	OT	OT	VGB	10/30	JPY	13589.60	-7.9	-1.6	4.9
Winton Futures USD Cls B	OT	OT	VGB	10/30	USD	682.02	-7.0	-0.3	7.5

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	11/25	EUR	50.66	30.3	40.8	-10.9
Industria AE	EU	EQ	DEU	11/25	EUR	69.70	33.2	33.8	-16.9
InternRent AE	EU	BD	DEU	11/25	EUR	35.05	3.2	1.5	8.8

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

MARKETS

Stocks get a boost on economic data

Tiffany raises its outlook, gaining 4.1%

By Donna Kardos Yesalavich

U.S. stocks rose slightly Wednesday as a raft of economic data related to the consumer and housing came in above expectations, prompting investors to move toward riskier areas of the market including materials and consumer-discretionary stocks.

ABREAST OF THE MARKET

At midday in New York, the Dow Jones Industrial Average was up 26.3 points, or 0.3%, at 10460.01. **Caterpillar** was its strongest component, up 1.9% following news of an improvement in manufacturing activity. Materials companies **Alcoa** and **DuPont** were also strong, up 1.1% and 1.8%, respectively, as metals futures climbed. The Dow's gains were held in check by a 1.6% drop in **Kraft Foods**, which is meeting Wednesday with representatives for **Cadbury** PLC's workers.

The technology-heavy Nasdaq Composite climbed 0.3%. The Standard & Poor's 500-stock index rose 0.3%, led by its materials and consumer-discretionary sectors.

Gene Stefanelli, managing director of Dollar Index Services, said he's not convinced it's a good time to be in equities.

"There's a lot of money that needs to be invested...and right now it looks like equities are the choice of not only money managers, but it's also becoming more in vogue for the general public to be involved in equities once again," Mr. Stefanelli noted. "That said, I don't as an individual trust the equity market right now."

Shares of **Tiffany** climbed 4.1% after the jeweler Wednesday raised its sales and earnings outlook for the year. **J. Crew** rose 7.5%. Its fiscal third-quarter profit more than doubled as the retailer posted higher margins and same-store sales.

European stocks

Gains by media stocks and mining companies offset losses for banks and auto makers, leaving European indexes modestly higher.

The pan-European Stoxx 600 index rose 1.17 points, or 0.5%, to 248.05, while in London, the FTSE 100 index gained 38.63, or 0.7%, to 5362.59. In Paris, the CAC 40 rose 25.11 points, or 0.7%, to 3809.73. In Frankfurt, the DAX index rose 0.6%, or 32.09, to 5801.4.

Shares of **Vivendi** rose 4.3% after Exane BNP Paribas upgraded it to "outperform" from "underperform," but stock of **Volkswagen** fell 3% after Porsche Automobil reported a surge in net debt. The automobile manufacturers plan to merge.

—Sarah Turner contributed to this article.

Euro smashes through $1.50 as dollar falls

By Bradley Davis

NEW YORK—The dollar slid against its major rivals Wednesday, with the euro piercing $1.50, as renewed expectations that interest rates in the U.S. will remain low for longer than in other large economies encouraged bets against the greenback.

CURRENCY MARKETS

The Canadian dollar was sharply higher after a report that the Russian central bank is planning to invest part of its foreign-exchange reserves in the currency. Broad U.S. dollar weakness also underpinned the Canadian dollar's appreciation.

Trading strategy Wednesday has been "anything but the dollar," said Andrew Wilkinson, a senior market analyst at **Interactive Brokers** in Greenwich, Conn.

The euro smashed through the $1.50 level to touch a 2009 high just below $1.51. The dollar sank to a 10-month low below 88 yen. John McCarthy, manager of currency trading at **ING Capital Markets** in New York, said the onslaught on the dollar was likely exacerbated by thin trading conditions ahead of the Thanksgiving holiday in the U.S. on Thursday.

Midday in New York, the euro was at $1.5080 from $1.4965 late Tuesday. The dollar was at 87.67 yen from 88.53 yen. The U.S. dollar was at 1.0506 Canadian dollars, from C$1.0579.

Shanghai rebounds 2.1% as exporters lift Tokyo

By V. Phani Kumar And Colin Ng

Most Asian stock markets ended higher Wednesday after a volatile session, with Japanese stocks climbing as exporters gained on strong trade data for October.

Shanghai stocks rebounded 2.1% after Tuesday's selloff, but banks listed there and in Hong Kong underperformed on concerns that they would have to raise more capital. Hong Kong's Hang Seng Index rose 0.8% to 22611.80.

ASIAN-PACIFIC STOCKS

In Tokyo, the Nikkei Stock Average of 225 companies climbed 0.4% to 9441.64, its first gain in six sessions.

Improved trade data boosted battered car makers and other exporters. Japan's merchandise-trade balance logged its largest surplus in 19 months in October as stronger Asian demand for steel, semiconductors and electronic components led a continued recovery in exports, the Ministry of Finance said.

Toyota Motor climbed 1.2%, **Honda Motor** rose 2.6% and **Sony** added 2.1%.

Nippon Yusen fell 4.8%, leading shippers lower, as investors grew more worried about dilutive stock issues. The firm has announced a plan to boost equity capital.

Japan Airlines gained 3.4% on brisk volume after it reached an agreement with the Development Bank of Japan for the state-backed lender to provide bridge loans to sustain its flight operations.

In Shanghai, the composite index rose 2.1% to 3290.17. Steelmakers and auto makers advanced on hopes that the economic recovery will continue, with **Baoshan Iron & Steel** jumping 8.5% and **SAIC Motor** gaining 2.9%.

But bank stocks underperformed the rest of the market as investors awaited clarity from the regulator on any possible changes to industry capital requirements.

On Tuesday, China's main banking regulator warned lenders to strictly comply with capital requirements or face sanctions, hammering bank stocks. On Wednesday, **Bank of China** gained 0.7%, **Industrial & Commercial Bank of China** added 0.2% and **Bank of Communications** edged up 0.1%.

But Hong Kong-listed shares of those banks dropped 3%, 0.7% and 1.9%, respectively.

In Sydney, the S&P/ASX 200 gained 0.8% to 4722.23. Australian banks staged a rebound after Tuesday's fall, when a rights issue by **Lloyds Banking Group** added to their decline.

"Traders sold ahead of the Lloyds share issue and bought some back today," said **UBS** head of sales George Kanaan.

National Australia Bank gained 1.6% and **Australia & New Zealand Banking Group** added 1.4%. **BHP Billiton** gained 2.4% amid speculation about the possibility of a share buyback.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	11/13	USD	1248.56	23.2	4.8	-9.0
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/23	JPY	15042.89	60.5	73.7	NS
GAM Asia Equity Hedge US	OT	OT	VGB	11/23	USD	283.80	62.6	75.8	0.0
GAM Asia Equity USD	OT	OT	VGB	11/24	USD	641.78	59.9	93.3	-12.1
GAM Asia-Pacific Eq USD	OT	OT	VGB	11/24	USD	1219.62	13.5	24.1	-17.6
GAM Com Glb Bal EUR Op	US	BA	VGB	11/16	EUR	92.88	15.7	16.1	-9.3
GAM Com Glb Bal USD Op	US	BA	VGB	11/16	USD	128.35	15.7	16.1	-9.3
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/16	EUR	94.61	22.6	22.8	-16.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/16	USD	128.03	22.6	22.8	-16.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/16	EUR	83.34	16.0	16.6	-13.5
GAM Comp Glb Gr USD Op	US	BA	VGB	11/16	USD	127.44	16.0	16.6	-13.5
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/20	USD	239.69	31.6	43.9	-13.4
GAM Cross Trading Inc	OT	OT	VGB	11/16	USD	467.19	6.8	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	11/16	CHF	94.49	4.4	0.9	-7.5
GAM Diversity EUR Op	OT	OT	VGB	11/16	EUR	649.59	5.3	2.0	-5.8
GAM Diversity USD 2.5XL	OT	OT	VGB	10/30	USD	76.73	6.4	-4.0	-22.6
GAM Diversity USD Op	OT	OT	VGB	11/16	USD	682.16	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	11/16	CHF	99.79	4.3	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	11/16	EUR	139.10	4.8	1.5	-5.8
GAM Dvrsty II USD Op	OT	OT	VGB	11/16	USD	210.75	4.9	NS	-6.1
GAM DvrstyIII EUR Op	OT	OT	VGB	10/30	EUR	114.70	3.8	-0.4	-6.5
GAM DvrstyIII USD Op	OT	OT	VGB	10/30	USD	121.09	3.8	-0.1	-6.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/23	EUR	212.73	7.9	8.6	-5.7
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/23	USD	197.95	8.7	11.5	-4.1
GAM European Equity USD	OT	OT	VGB	11/23	USD	305.52	29.9	56.2	-12.9
GAM GAMCO	OT	EQ	VGB	11/17	USD	808.83	39.4	48.2	-12.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	10/30	EUR	97.64	13.2	12.7	-17.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/23	USD	105.02	16.0	16.3	-15.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/23	USD	250.10	22.5	31.1	-8.3
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	11/23	USD	278.90	95.3	117.5	17.5
GAM Intrst Trend II	GL	BD	VGB	11/16	USD	96.36	45.8	42.9	-12.1
GAM Intrst Trend Inc	OT	OT	VGB	11/23	USD	254.05	59.5	53.3	-4.6
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/23	EUR	109.31	2.4	-0.8	-9.0
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/23	USD	114.17	1.5	7.6	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	10/30	JPY	8507.22	10.3	23.5	-21.8
GAM Japan USD	JP	EQ	VGB	11/24	USD	1015.67	-1.9	15.7	-19.1
GAM Japan YEN	JP	EQ	VGB	11/24	JPY	7955.00	-0.7	10.6	-25.1
GAM Money Mkt EuroOp	EU	MM	VGB	11/23	EUR	51.18	0.1	0.3	1.8
GAM Money Mkt USD	US	MM	VGB	11/23	USD	100.01	0.0	0.0	1.0
GAM Multi-Arb EUR Op	OT	OT	VGB	11/16	EUR	113.39	1.2	-4.0	-9.1
GAM Multi-Arb USD Op	OT	OT	VGB	10/30	USD	118.02	1.1	-5.6	-9.4
GAM Multi-China EUR Op	OT	OT	VGB	10/30	EUR	159.17	7.2	7.9	-15.9
GAM Multi-China USD Op	OT	OT	VGB	10/30	USD	167.40	7.8	8.4	4.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	10/30	GBP	127.90	22.3	20.4	-4.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/16	USD	645.17	24.5	20.2	-3.5
GAM Multi-Eur EUR Op	OT	OT	VGB	10/30	EUR	265.40	5.7	5.1	-12.5
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/16	EUR	138.42	7.1	6.2	-11.4
GAM Multi-Eur II USD Op	OT	OT	VGB	11/16	USD	113.25	6.8	5.5	-12.5
GAM Multi-Eur USD Op	OT	OT	VGB	10/30	USD	462.12	5.5	4.6	-13.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/16	EUR	132.94	11.5	NS	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/16	USD	216.60	11.9	11.3	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	10/30	EUR	140.15	2.8	2.4	-6.4
GAM Multi-Pac USD Op	OT	OT	VGB	11/16	USD	164.33	4.5	4.2	-5.7
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/13	USD	2501.05	60.7	55.1	7.7
GAM Sing/Malaysia	AS	EQ	VGB	11/24	USD	2474.54	49.0	57.4	-9.7
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/16	GBP	240.02	38.9	34.4	1.3
GAM Trading EUR Inc	OT	OT	VGB	11/16	EUR	326.02	6.6	7.6	7.3
GAM Trading USD Inc	OT	OT	VGB	11/16	USD	975.72	6.8	7.7	6.8
GAM Trdg II IncEUR Op	OT	OT	VGB	11/16	EUR	139.48	6.6	7.6	7.2
GAM Trdg II IncUSD Op	OT	OT	VGB	11/16	USD	316.82	6.8	7.7	6.8
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/16	EUR	147.18	6.3	7.5	6.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/16	USD	154.95	6.6	7.5	6.7
GAM Trdg V IncEUR Op	OT	OT	VGB	10/30	EUR	124.10	5.8	6.6	7.1
GAM Trdg V IncUSD Op	OT	OT	VGB	10/30	USD	129.23	5.9	7.1	6.8
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/16	EUR	157.37	6.4	7.6	7.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/16	USD	162.96	6.6	7.5	6.7
GAM USDSpecBondInc	US	BD	VGB	11/16	USD	524.98	72.7	69.3	5.8
GAM Worldwide	GL	EQ	VGB	11/23	USD	2267.94	26.6	47.2	-9.7
GAMut Investments	OT	OT	VGB	11/18	USD	7653.57	5.4	8.0	7.8

GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	11/23	CHF	10.58	49.5	53.4	-15.6
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	11/23	EUR	11.21	49.9	58.9	-11.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	11/23	GBP	1.50	41.5	69.9	-0.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	11/23	USD	13.18	60.8	89.3	-10.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	11/23	EUR	94.20	11.5	17.2	-15.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	11/23	EUR	91.17	11.5	17.2	-15.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	11/23	EUR	10.67	21.2	32.8	-11.7
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	11/23	EUR	179.79	22.8	33.0	-13.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	11/23	EUR	164.28	22.7	32.9	-13.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	11/23	USD	16.40	31.4	58.2	-13.1
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	11/23	USD	14.87	31.4	58.1	-13.1
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	11/23	USD	5.81	23.5	22.1	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	11/23	EUR	80.37	-1.3	5.6	-16.0
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	11/23	EUR	80.37	-1.3	5.6	-16.0
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	11/23	JPY	842.30	0.5	12.0	-24.5
GAMStar-JpnEq USD Acc	JP	EQ	IRL	11/23	USD	10.37	-1.4	15.4	-18.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	11/23	USD	2245.03	27.5	48.4	-9.3

المجموعة المالية - هيرميس
EFG HERMES

HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

EFG-Hermes Egypt	GL	EQ	BMU	10/30	USD	43.54	25.9	29.9	-14.4
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	10/27	SAR	6.27	32.3	11.2	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

LLOYD GEORGE MANAGEMENT (HK) LTD
Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911

LG Antenna	GL	EQ	BMU	11/20	USD	59.02	72.9	83.7	-10.9
LG Asian Plus	AS	EQ	CYM	11/06	USD	54.16	43.3	41.3	-24.1
LG AsianSmallerCo's	AS	EQ	BMU	11/24	USD	92.71	68.1	89.0	-22.9
LG India	EA	EQ	MUS	11/19	USD	62.73	96.6	102.3	-15.9

Manulife WEALTH MANAGEMENT 宏利財富管理

MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	11/25	USD	14.77	23.0	35.8	-12.7
American Growth AA	US	EQ	LUX	11/25	USD	0.85	22.7	36.5	-7.8
Asian Equity	AS	EQ	LUX	11/25	USD	2.42	60.8	88.6	-8.3
Asian Equity AA	AS	EQ	LUX	11/25	USD	0.78	60.3	88.0	-8.6
Asian Sm Cap Equity AA	AS	EQ	LUX	11/25	USD	1.12	85.0	118.3	-5.9
China Value A	AS	EQ	LUX	11/25	USD	7.07	62.8	89.8	-5.7
China Value AA	AS	EQ	LUX	11/25	USD	2.22	62.4	89.3	-6.0
Dragon Growth	AS	EQ	LUX	11/25	USD	1.65	67.0	93.1	-7.6
Dragon Growth AA	OT	OT	LUX	11/25	HKD	8.02	66.8	91.7	-8.5
Emg Eastrn Europe A	EU	EQ	LUX	11/25	USD	4.57	94.6	109.6	-16.3
Emg Eastrn Europe AA	EU	EQ	LUX	11/25	USD	1.97	94.3	109.2	-16.4
European Growth	EU	EQ	LUX	11/25	USD	9.38	44.8	71.7	-17.0
European Growth AA	EU	EQ	LUX	11/25	USD	0.67	44.5	71.3	-18.0
Global Contrarain AA	GL	EQ	LUX	11/25	USD	0.87	79.3	120.1	NS
Global Property AA	OT	EQ	LUX	11/25	USD	0.65	41.4	76.7	-15.8
Global Resources AA	OT	EQ	LUX	11/25	USD	1.11	57.1	95.9	-9.3
Healthcare AA	OT	EQ	LUX	11/25	USD	0.92	10.8	24.9	NS
India Equity AA	EA	EQ	LUX	11/25	USD	1.08	76.7	94.0	-16.2
International Growth	GL	EQ	LUX	11/25	USD	3.04	21.7	38.5	-15.4
International Growth AA	GL	EQ	LUX	11/25	USD	0.71	21.4	38.2	-15.5
Japanese Growth	JP	EQ	LUX	11/25	USD	2.63	-0.1	17.5	-17.3
Japanese Growth AA	JP	EQ	LUX	11/25	USD	0.69	-0.3	17.3	-17.8
Latin America Equity AA	GL	EQ	LUX	11/25	USD	1.26	100.2	135.6	-3.7
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	11/25	USD	1.11	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	11/25	USD	0.65	139.1	153.1	-18.6
Taiwan Equity AA	AS	EQ	LUX	11/25	USD	1.03	75.6	102.7	-0.7
Turkey Equity AA	EE	EQ	LUX	11/25	USD	0.67	82.6	113.7	-16.4
U.S. Bond AA	US	BD	LUX	11/25	USD	1.11	17.9	23.0	7.6
U.S. High Yield Bond AA	US	BD	LUX	11/25	USD	0.74	64.9	80.1	-5.0
U.S. Sm Cap Equity AA	US	EQ	LUX	11/25	USD	0.77	62.0	82.5	-14.4
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	11/25	USD	1.16	9.5	17.7	3.8

PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	11/18	USD	124.03	115.0	136.5	-4.2

Sensible Asset Management
A Value Partners Group company

SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	11/24	USD	7.82	82.3	119.7	-6.1

SOCIETE GENERALE
Asset Management

SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	11/23	EUR	20.24	52.2	51.1	-2.2
Bonds EURO A	EU	BD	LUX	11/24	EUR	41.29	4.6	7.0	5.2
Bonds EUROPE A	EU	BD	LUX	11/24	EUR	39.31	3.8	5.6	4.1
Bonds US OppsCoreplus A	US	BD	LUX	11/23	USD	37.03	17.4	22.6	8.9
Bonds World A	GL	BD	LUX	11/24	USD	43.92	10.3	18.4	7.6
Eq. China A	AS	EQ	LUX	11/24	USD	24.25	62.3	98.4	-12.5
Eq. ConcentratedEuropeA	EU	EQ	LUX	11/24	EUR	26.28	27.6	31.7	-17.6
Eq. Eastern Europe A	EU	EQ	LUX	11/24	EUR	22.18	67.9	52.9	-26.5
Eq. Euroland A	EU	EQ	LUX	11/24	EUR	10.50	14.6	17.8	-20.3
Eq. EurolandCyclclsA	EU	EQ	LUX	11/24	EUR	17.15	24.9	31.4	-15.9
Eq. EurolandFinancialA	OT	EQ	LUX	11/24	EUR	11.60	37.7	43.9	-18.5
Eq. Glbl Emg Cty A	GL	EQ	LUX	11/24	USD	9.58	60.2	89.6	-13.5
Eq. Global A	GL	EQ	LUX	11/24	USD	27.59	31.2	42.0	-13.9
Eq. Global Energy A	OT	EQ	LUX	11/23	USD	18.18	27.5	44.1	-12.1
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	11/24	USD	32.59	55.9	108.6	4.4
Eq. Pacific A	AS	EQ	LUX	11/24	USD	10.18	59.5	87.3	-12.1
Eq. US Lg Cap Gr A	US	EQ	LUX	11/24	USD	14.94	38.5	44.6	-12.8
Eq. US Rel Val A	US	EQ	LUX	11/24	USD	20.21	30.1	42.4	-14.2
Eq. US Sm Cap Val A	US	EQ	LUX	11/24	USD	15.07	16.5	31.5	-21.7
Money Market EURO A	EU	MM	LUX	11/23	EUR	27.39	1.0	1.4	2.8
Money Market USD A	US	MM	LUX	11/23	USD	15.83	0.5	0.8	1.9

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TNI Mena Real Estate Fund	OT	OT	BMU	11/19	USD	1032.24	9.8	4.5	-22.3
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/19	AED	6.23	35.9	15.8	-24.6

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Intel-Chin MainInd Foc	AS	EQ	CYM	11/16	USD	29.76	85.5	NS	-0.4
Intel-China Converg*	AS	EQ	CYM	11/16	USD	114.18	87.4	NS	-1.9
VP Classic - A	AS	EQ	CYM	11/24	USD	182.31	78.8	103.9	-2.7
VP CLassic - B	AS	EQ	CYM	11/24	USD	85.01	78.0	102.9	-3.3
VP High Dividend Stk	AS	EQ	CYM	11/23	USD	44.58	79.4	91.8	-2.2

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YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	11/25	JPY	8537.00	-1.5	3.8	-29.1
YMR-N Small Cap Fund	OT	OT	IRL	11/25	JPY	6553.00	1.2	7.6	-28.3

Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	11/25	JPY	5565.00	-5.7	-2.5	-30.1
Yuki 77 Growth	JP	EQ	IRL	11/25	JPY	5252.00	-11.2	-8.9	-35.0

Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	11/25	JPY	6208.00	-0.5	1.3	-26.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	11/25	JPY	6981.00	-14.8	-10.3	-26.9

Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	11/25	JPY	4193.00	-7.8	-6.2	-30.5
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	11/25	JPY	4845.00	-8.2	-7.6	-23.7
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	11/25	JPY	4772.00	1.4	5.3	-26.5

Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	11/25	JPY	3952.00	-7.0	-6.4	-33.8
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	11/25	JPY	4229.00	-5.9	-6.4	-33.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	11/25	JPY	6248.00	2.4	3.9	-28.4
Yuki Mizuho Jpn Gen	OT	OT	IRL	11/25	JPY	7734.00	-3.6	-1.4	-28.9
Yuki Mizuho Jpn Gro	OT	OT	IRL	11/25	JPY	5836.00	-6.7	-3.6	-31.3
Yuki Mizuho Jpn Inc	OT	OT	IRL	11/25	JPY	7007.00	-11.9	-9.7	-26.5
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	11/25	JPY	4703.00	-5.6	-4.3	-28.8
Yuki Mizuho Jpn LowP	OT	OT	IRL	11/25	JPY	10525.00	-7.1	-1.7	-23.9
Yuki Mizuho Jpn PGth	OT	OT	IRL	11/25	JPY	7285.00	-4.6	-2.7	-33.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	11/25	JPY	6607.00	7.7	10.5	-28.5
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	11/25	JPY	5173.00	-0.4	4.7	-25.3
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	11/25	JPY	2584.00	8.3	9.7	-33.7

Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	11/25	JPY	4868.00	-4.5	-2.4	-29.6

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

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Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	0.61%	**104.3%**	107.7%
Russia	-1.40	**94.1**	99.2
China 88	2.06	**86.6**	80.9
Turkey	-0.10	**64.9**	81.1
Singapore	0.36	**60.6**	65.7
Hong Kong	0.89	**53.5**	67.9
Sweden	0.20	**51.1**	58.8
South Korea	0.06	**47.0**	60.1
Netherlands	0.55	**35.4**	39.4
Canada	0.35	**28.0**	33.0
Australia	0.94	**26.8**	31.9
Switzerland	0.38	**23.4**	25.3
South Africa	0.25	**20.8**	30.1
U.K.	0.48	**20.3**	29.1
Italy	-0.25	**19.2**	16.5
France	0.56	**18.8**	20.7
Spain	0.23	**17.2**	24.0
Germany	0.25	**14.9**	21.0
Japan	0.75	**-1.8%**	3.1

Dow Jones Regional Sector Titans

Basic Res	1.84%	**81.7%**	95.4%
Tiger 50*	0.77	**58.7**	75.4
Technology	0.44	**50.4**	54.1
Nordic 30 -p	-1.66	**37.7**	34.7
EU Enlarged†-p	-1.87	**36.6**	29.7
Asian 50	1.81	**29.7**	43.7
Global 50	0.60	**22.1**	24.6
Stoxx 50 -p	-0.67	**20.2**	20.2
Euro Stoxx 50 -p	-0.71	**17.6**	20.6
Arab 50	0.67	**6.3**	7.2

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Wednesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
China Life Ins	Hong Kong	Life Insurance	$39.1	40.70	**4.49%**	99.5%	117.7%
Nissan Motor	Japan	Automobiles	32.9	637.00	**3.92**	89.0	-54.5
QBE Ins Grp	Australia	Reinsurance	21.6	23.19	**2.75**	0.8	-9.7
JFE Hldgs	Japan	Iron Steel	17.3	2,865	**2.69**	35.5	-45.2
Honda Motor	Japan	Automobiles	58.3	2,795	**2.57**	36.3	-30.3
KB Fncl Group	South Korea	Banks	$20.6	61,700	**-1.75%**	129.9	-11.8
Tokio Marine	Japan	Property Casualty Insurance	21.7	2,410	**-1.03**	5.9	-41.2
Indl Comm Bk China	Hong Kong	Banks	72.9	6.80	**-0.73**	80.9	73.9
Hon Hai Precision Ind	Taiwan	Electrical Components Equipment	36.3	137.00	**-0.72**	169.8	-7.5
Mitsubishi UFJ Finl Grp	Japan	Banks	60.1	455.00	**-0.66**	-8.6	-68.6

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
CNOOC Hong Kong (Exploration Production)	72.5	12.58	**2.44%**	119.2%	84.5%
BHP Billiton Australia (General Mining)	128.1	41.19	**2.39**	51.2	59.3
Mitsubishi Japan (Industrial Suppliers)	36.3	1,934	**2.27**	83.3	-7.7
East Japan Railway Japan (Travel Tourism)	27.0	5,920	**2.25**	-20.2	-27.3
PetroChina Hong Kong (Integrated Oil Gas)	27.4	10.06	**2.24**	67.7	4.8
Sony Japan (Consumer Electronics)	27.5	2,415	**2.11**	30.1	-47.2
POSCO South Korea (Iron Steel)	37.4	568,000	**1.97**	72.1	97.6
Mitsui Japan (Industrial Suppliers)	24.0	1,160	**1.93**	60.0	-24.3
Westpac Bking Australia (Banks)	65.7	24.37	**1.71**	46.8	0.3
National Australia Bk Australia (Banks)	54.3	28.43	**1.57**	45.3	-27.2
Japan Tobacco Japan (Tobacco)	27.9	254,100	**1.56**	-23.5	-51.0
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.4	98.50	**1.55**	40.7	8.1
Shin-Etsu Chml Japan (Specialty Chemicals)	22.6	4,660	**1.53**	21.7	-37.6
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.2	115.50	**1.49**	101.8	31.9
Kansai Elec Power Japan (Conventional Electricity)	22.7	2,080	**1.46**	-21.7	-26.9
Aus NZ Bk Australia (Banks)	51.5	22.20	**1.42**	58.0	-21.5
Tokyo Elec Power Japan (Conventional Electricity)	35.1	2,275	**1.34**	-24.4	-36.5
Westfield Grp Australia (Retail REITs)	25.9	12.28	**1.32**	-15.0	-36.8
Nippon Steel Japan (Iron Steel)	22.9	318.00	**1.27**	13.2	-37.2
Toyota Motor Japan (Automobiles)	123.0	3,420	**1.18**	14.6	-50.7

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Samsung Elec South Korea (Semiconductors)	95.7	749,000	**0.94%**	58.4%	19.1%
Hutchison Whampoa Hong Kong (Diversified Industrials)	29.5	53.65	**0.66**	46.2	-25.9
Woodside Petroleum Australia (Exploration Production)	32.5	49.41	**0.63**	54.9	35.3
Takeda Pharm Japan (Pharmaceuticals)	31.9	3,540	**0.57**	-19.2	-52.6
Sumitomo Mitsui Finl Japan (Banks)	31.2	2,705	**0.56**	-15.5	-77.1
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.4	62.70	**0.48**	61.6	-1.3
NTT DoCoMo Japan (Mobile Telecommunications)	63.6	130,600	**0.46**	-19.7	-26.2
Woolworths Australia (Food Retailers Wholesalers)	32.1	28.18	**0.36**	12.3	29.2
KDDI Japan (Mobile Telecommunications)	23.6	467,000	**0.21**	-24.8	-39.8
China Mobile (HK) Hong Kong (Mobile Telecommunications)	193.0	75.25	**0.07**	9.8	17.0
Nintendo Japan (Toys)	32.2	22,050	**0.05**	-19.9	-16.7
Canon Japan (Electronic Office Equipment)	47.4	3,360	**...**	19.2	-44.7
Mizuho Financial Grp Japan (Banks)	24.7	154.00	**...**	-35.9	-81.7
Nippon T&T Japan (Fixed Line Telecommunications)	55.3	3,660	**...**	-16.8	-36.9
China Constr Bk Hong Kong (Banks)	207.3	7.15	**...**	74.4	78.3
RioZim Ltd Australia (General Mining)	40.3	71.70	**-0.26**	116.3	23.0
Commonwealth Bk of Australia Australia (Banks)	74.0	52.58	**-0.30**	61.0	10.8
Seven I Hldgs Japan (Broadline Retailers)	19.9	1,928	**-0.46**	-29.4	-46.2
Shinhan Financial Grp South Korea (Banks)	20.2	49,100	**-0.61**	73.4	13.3
Panasonic Japan (Consumer Electronics)	26.6	1,127	**-0.62**	-16.3	-49.4

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

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Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.17%	0.51%	1.8%	7.4%	7.9%
Event Driven	0.81	0.76	4.7	14.4	7.6
Equity Long/Short	-0.45	-1.24	-0.2	2.8	-4.5

*Estimates as of 11/23/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.86	100.68%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.36	98.32	0.01	1.76	1.34	1.45
Europe Crossover: 12/1	5.26	98.96	0.05	6.15	4.87	5.35
Asia ex-Japan IG: 12/1	1.09	99.57	0.01	1.26	0.96	1.10
Japan: 12/1	1.44	97.87	0.01	1.53	0.99	1.29

Note: Data as of November 24

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Ebara	454	**-12**	8	55
Wan Hai Lines	180	**-9**	2	-20
Temasek Hldgs	49	**-4**	-4	-10
Acom	432	**-4**	72	-91
Canon	35	**-3**	-1	3
Yokogawa Elec	95	**-3**	-3	-2
Nissan Mtr	137	**-3**	3	11
East Japan Rwy	20	**-3**	-2	...
Daiwa Secs Gp	131	**-2**	2	16
SK Energy	118	**-2**	1	3

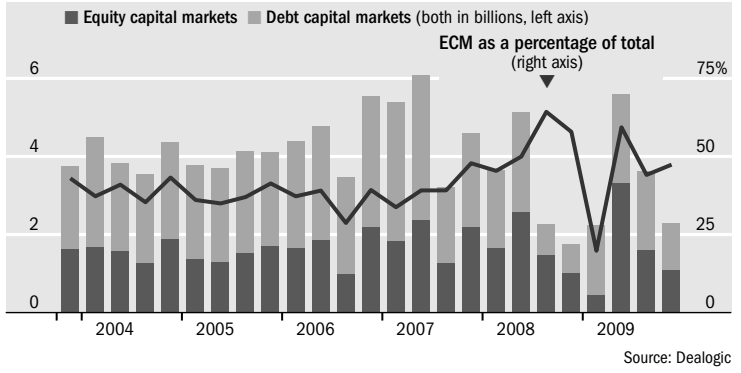
And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Taisei	354	**4**	14	94
Nippon Yusen Kabushiki Kaisha	109	**5**	10	24
Mizuho Corporate Bk	101	**5**	7	29
Toshiba	184	**6**	-2	14
Sanyo Shinpan Fin	1000	**6**	235	-100
Kajima	296	**7**	51	114
KT&G	86	**8**	9	8
IHI	279	**13**	13	63
Victor Co of Japan	1835	**27**	1	54
Kawasaki Kisen Kaisha	217	**41**	54	84

Source: Markit Group

US: Bank revenues from equity capital markets

Behind every IPO, follow-on or convertible equity offering is one or more investment banks. At right, investment banks historical and year-to-date revenues from global equity-capital-market (ECM) deals



Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**398.50**	6.50	**1.66%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1037.50**	-8.50	**-0.81%**	1,315.00	794.00
Wheat (cents/bu.)	CBOT	**558.00**	4.50	**0.81**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**85.500**	-0.325	**-0.38**	108.600	84.150
Cocoa ($/ton)	ICE-US	**3,310**	62	**1.91**	3,439	1,994
Coffee (cents/lb.)	ICE-US	**138.70**	2.55	**1.87**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**22.09**	0.01	**0.05**	26.25	11.91
Cotton (cents/lb.)	ICE-US	**75.00**	-0.52	**-0.69**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,482.00**	4	**0.16**	2,518	2,013
Cocoa (pounds/ton)	LIFFE	**2,199**	26	**1.20**	2,250	1,475
Robusta coffee ($/ton)	LIFFE	**1,341**	13	**0.98**	1,955	1,295
Copper (cents/lb.)	COMEX	**316.25**	1.90	**0.60**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1181.30**	13.90	**1.19**	1,184.70	762.30
Silver (cents/troy oz.)	COMEX	**1877.50**	28.10	**1.52**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,039.00**	11.00	**0.54**	2,069.00	1,288.00
Tin ($/ton)	LME	**14,990.00**	-30.00	**-0.20**	15,700.00	9,750.00
Copper ($/ton)	LME	**6,936.00**	37.00	**0.54**	6,968.00	2,815.00
Lead ($/ton)	LME	**2,379.50**	-0.50	**-0.02**	2,459.50	870.00
Zinc ($/ton)	LME	**2,275.00**	24.50	**1.09**	2,344.00	1,065.00
Nickel ($/ton)	LME	**16,850**	100	**0.60**	21,150	9,175
Crude oil ($/bbl.)	NYMEX	**75.85**	-0.17	**-0.22**	139.00	47.31
Heating oil ($/gal.)	NYMEX	**1.9600**	-0.0295	**-1.48**	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	**1.9600**	0.0002	**0.01**	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	**4.990**	0.224	**4.70**	12.920	4.560
Brent crude ($/bbl.)	ICE-EU	**76.60**	0.14	**0.18**	108.19	48.19
Gas oil ($/ton)	ICE-EU	**615.75**	2.25	**0.37**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on Nov. 25

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.7260	0.1746	3.8035	0.2629
Brazil real	2.6105	0.3831	1.7340	0.5767
Canada dollar	1.5825	0.6319	1.0512	0.9513
1-mo. forward	1.5825	0.6319	1.0512	0.9513
3-mos. forward	1.5825	0.6319	1.0512	0.9513
6-mos. forward	1.5827	0.6318	1.0513	0.9512
Chile peso	745.88	0.001341	495.45	0.002018
Colombia peso	2963.48	0.0003374	1968.50	0.0005080
Ecuador US dollar-f	1.5055	0.6643	1	1
Mexico peso-a	19.3642	0.0516	12.8627	0.0777
Peru sol	4.3334	0.2308	2.8785	0.3474
Uruguay peso-e	30.260	0.0330	20.100	0.0498
U.S. dollar	1.5055	0.6643	1	1
Venezuela bolivar	3.23	0.309343	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6260	0.6150	1.0801	0.9259
China yuan	10.2781	0.0973	6.8273	0.1465
Hong Kong dollar	11.6672	0.0857	7.7500	0.1290
India rupee	69.5367	0.0144	46.1900	0.0216
Indonesia rupiah	14136	0.0000707	9390	0.0001065
Japan yen	132.01	0.007575	87.69	0.011404
1-mo. forward	132.00	0.007576	87.68	0.011405
3-mos. forward	131.97	0.007577	87.66	0.011407
6-mos. forward	131.91	0.007581	87.62	0.011413
Malaysia ringgit-c	5.0756	0.1970	3.3715	0.2966
New Zealand dollar	2.0698	0.4831	1.3749	0.7274
Pakistan rupee	125.780	0.0080	83.550	0.0120
Philippines peso	70.252	0.0142	46.665	0.0214
Singapore dollar	2.0783	0.4812	1.3805	0.7244
South Korea won	1736.16	0.0005760	1153.25	0.0008671
Taiwan dollar	48.521	0.02061	32.230	0.03103
Thailand baht	49.898	0.02004	33.145	0.03017

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6643	1.5055
1-mo. forward	1.0001	0.9999	0.6643	1.5052
3-mos. forward	1.0005	0.9995	0.6646	1.5047
6-mos. forward	1.0014	0.9986	0.6652	1.5034
Czech Rep. koruna-b	26.001	0.0385	17.272	0.0579
Denmark krone	7.4410	0.1344	4.9427	0.2023
Hungary forint	268.07	0.003730	178.07	0.005616
Norway krone	8.4284	0.1186	5.5986	0.1786
Poland zloty	4.1118	0.2432	2.7313	0.3661
Russia ruble-d	43.356	0.02306	28.800	0.03472
Sweden krona	10.3855	0.0963	6.8986	0.1450
Switzerland franc	1.5097	0.6624	1.0028	0.9972
1-mo. forward	1.5094	0.6625	1.0026	0.9974
3-mos. forward	1.5090	0.6627	1.0024	0.9977
6-mos. forward	1.5081	0.6631	1.0018	0.9982
Turkey lira	2.2458	0.4453	1.4918	0.6703
U.K. pound	0.9041	1.1061	0.6005	1.6651
1-mo. forward	0.9043	1.1058	0.6007	1.6648
3-mos. forward	0.9047	1.1054	0.6009	1.6641
6-mos. forward	0.9053	1.1046	0.6014	1.6629
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5675	1.7620	0.3770	2.6526
Egypt pound-a	8.2062	0.1219	5.4510	0.1835
Israel shekel	5.6575	0.1768	3.7580	0.2661
Jordan dinar	1.0666	0.9375	0.7085	1.4114
Kuwait dinar	0.4292	2.3299	0.2851	3.5075
Lebanon pound	2269.47	0.0004406	1507.50	0.0006634
Saudi Arabia riyal	5.6457	0.1771	3.7502	0.2667
South Africa rand	11.0625	0.0904	7.3483	0.1361
United Arab dirham	5.5296	0.1808	3.6731	0.2723
SDR -f	0.9348	1.0697	0.6209	1.6104

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
46	**ASIA-PACIFIC**	DJ Asia-Pacific	120.85	1.49	**1.25%**	29.1%	44.4%
...	Australia	SPX/ASX 200	4722.2	37.2	**0.79**	26.9	33.4
...	China	CBN 600	29452.61	712.08	**2.48**	99.5	99.5
21	Hong Kong	Hang Seng	22611.80	188.66	**0.84**	57.2	69.1
19	India	Sensex	17198.95	67.87	**0.40**	78.3	90.5
...	Indonesia	Jakarta Composite	2461.528	-10.356	**-0.42%**	81.6	106.3
...	Japan	Nikkei Stock Average	9441.64	40.06	**0.43**	6.6	15.0
...		Topix	833.29	4.07	**0.49**	-3.0	2.0
...	Malaysia	Kuala Lumpur Composite	1271.00	-1.09	**-0.09**	45.0	48.4
...	New Zealand	NZSX-50	3115.391	7.778	**0.25**	14.7	18.1
8	Pakistan	KSE 100	9204.57	-29.13	**-0.32**	56.9	0.2
16	Philippines	Manila Composite	3064.30	-10.36	**-0.34**	63.6	58.5
...	Singapore	Straits Times	2792.84	12.86	**0.46**	58.5	63.2
11	South Korea	Kospi	1611.88	5.46	**0.34**	43.3	56.5
21	Taiwan	Weighted	7756.31	41.75	**0.54**	68.9	81.6
10	Thailand	SET	695.69	19.47	**2.88**	54.6	76.0
50	**EUROPE**	DJ Stoxx 600	248.09	1.21	**0.49**	26.0	24.8
22		DJ Stoxx 50	2522.97	17.35	**0.69**	22.2	21.0
40	**Euro Zone**	DJ Euro Stoxx	269.33	1.27	**0.47%**	20.9%	24.3%
18		DJ Euro Stoxx 50	2897.48	19.90	**0.69**	18.2	22.1
18	Denmark	OMX Copenhagen	309.29	-1.27	**-0.41%**	36.7	34.3
19	Finland	OMX Helsinki	6286.60	-5.74	**-0.09**	16.3	14.9
19	France	CAC-40	3809.16	24.54	**0.65**	18.4	20.2
22	Germany	DAX	5803.02	33.71	**0.58**	20.6	27.2
16	Italy	FTSE MIB	22741.85	33.40	**0.15**	16.9	14.3
...	Netherlands	AEX	318.24	2.38	**0.75**	29.4	29.8
...	Russia	RTSI	1427.55	-19.68	**-1.36**	125.9	116.7
11	Spain	IBEX 35	11965.8	60.6	**0.51**	30.1	38.3
14	Switzerland	SMI	6422.20	24.67	**0.39**	16.0	16.8
...	Turkey	ISE National 100	45538.66	25.16	**0.06**	69.5	86.6
14	U.K.	FTSE 100	5364.81	40.85	**0.77**	21.0	29.2
1	**AMERICAS**	DJ Americas	292.75	1.13	**0.39**	29.5	36.4
...	Brazil	Bovespa	67897.45	580.45	**0.86**	80.8	84.4
...	Argentina	Merval	2251.86	3.99	**0.18**	108.6	141.4
20	Mexico	IPC	31209.61	247.62	**0.80**	39.5	58.5

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.19%	2	**DJ Global Index**	226.03	1.71	**1.71%**	39.1%	0.8%	-5.8%
1.94	20	**Global DOW**	1973.36	14.75	**14.75**	37.5	0.8	-1.7
2.53	98	**Asia/Pacific 600**	112.57	1.74	**1.74**	30.6	1.6	-6.5
1.77	0	**Emerging Markets**	276.00	1.46	**1.46**	95.8	0.5	4.7
2.26	46	**Asia/Pacific**	120.85	1.48	**1.48**	44.4	1.2	-4.4
2.49	18	**Asia/Pacific ex-Japan**	311.50	3.16	**3.16**	92.0	1.0	1.9
2.71	24	**Southeast Asia**	154.74	1.28	**1.28**	87.6	0.8	3.1
0.81	35	**CBN China 600** -c	29452.61	712.08	**712.08**	99.5	2.5	32.0
0.84	37	**Shanghai**	392.64	9.71	**9.71**	98.8	2.5	31.5
0.57	57	**Shenzhen**	420.39	12.47	**12.47**	127.7	3.1	38.2
2.10	21	**China Offshore 50**	4250.69	36.41	**36.41**	80.9	0.9	13.1
9.10	10	**Australia LPT** -c, d	1132.75	9.51	**9.51**	-3.6	0.8	-20.9

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.16%	15	**Islamic Market**	1955.84	14.70	**14.70%**	38.5%	0.8%	-1.4%
2.46	16	**Islamic Market 100**	2122.59	15.75	**15.75**	25.8	0.8	-2.1
9.78	21	**Bahrain**	120.27	-0.45	**-0.45**	-25.5	-0.4	-12.9
2.84	31	**Kuwait**	196.14	1.68	**1.68**	-21.4	0.9	-15.8
2.62	19	**Sustainability**	1023.91	10.27	**10.27**	41.1	1.0	-6.1
2.81	50	**Stoxx 600 -p**	275.60	-2.41	**-2.41**	42.9	-0.9	-7.5
4.95	13	**Stoxx Select Div 30 -p**	1834.79	-16.69	**-16.69**	39.7	-0.9	-19.2
4.20	16	**Euro Stoxx Sel Div 30 -p**	2179.57	-23.22	**-23.22**	49.0	-1.1	-14.8
1.78	30	**DJ U.S. TSM**	11336.58	30.98	**30.98**	28.0	0.3	-7.1
4.06	15	**U.S. Select Dividend -d**	636.28	2.18	**2.18**	8.8	0.3	-10.0
4.77		**U.S. REIT**	136.48	0.57	**0.57**	26.2	0.4	-20.4
		DJ-UBS Commodity -p	133.96	-1.31	**-1.31**	10.7	-1.0	-7.4

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.080	0.601	1.051	6.827	0.664	7.750	46.190	9389.67	87.690	1.375	1153.24	3.371	46.665	1.380	1.003	32.230	33.145
Australia	0.926		0.556	0.973	6.321	0.615	7.175	42.765	8693.43	81.188	1.273	1067.73	3.122	43.205	1.278	0.928	29.840	30.687
Britain	1.665	1.799		1.750	11.368	1.106	12.905	76.913	15635.21	146.017	2.289	1920.32	5.614	77.704	2.299	1.670	53.668	55.191
Canada	0.951	1.028	0.571		6.495	0.632	7.373	43.942	8932.76	83.423	1.308	1097.12	3.207	44.394	1.313	0.954	30.662	31.532
China	0.1465	0.158	0.088	0.154		0.097	1.135	6.766	1375.32	12.844	0.201	168.92	0.494	6.835	0.202	0.147	4.721	4.855
Euro	1.505	1.626	0.904	1.582	10.278		11.667	69.537	14135.68	132.013	2.070	1736.15	5.076	70.252	2.078	1.510	48.521	49.898
Hong Kong	0.129	0.139	0.077	0.136	0.881	0.086		5.960	1211.57	11.315	0.177	148.81	0.435	6.021	0.178	0.129	4.159	4.277
India	0.0216	0.0234	0.0130	0.0228	0.1478	0.0144	0.1678		203.28	1.8985	0.0298	24.97	0.0730	1.0103	0.0299	0.0217	0.6978	0.7176
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0093	0.0001	0.12	0.0004	0.0050	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.078	0.008	0.088	0.527	107.08		0.016	13.15	0.038	0.532	0.016	0.011	0.368	0.378
New Zealand	0.727	0.786	0.437	0.765	4.966	0.483	5.637	33.596	6829.58	63.781		838.81	2.452	33.942	1.004	0.729	23.442	24.108
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0401	8.14	0.0760	0.0012		0.0029	0.0405	0.0012	0.0009	0.0279	0.0287
Malaysia	0.297	0.320	0.178	0.312	2.025	0.197	2.299	13.700	2785.01	26.009	0.408	342.06		13.841	0.409	0.297	9.560	9.831
Philippines	0.021	0.023	0.013	0.023	0.146	0.014	0.166	0.990	201.21	1.879	0.029	24.71	0.072		0.030	0.021	0.691	0.710
Singapore	0.724	0.782	0.435	0.761	4.945	0.481	5.614	33.459	6801.65	63.520	0.996	835.38	2.442	33.803		0.726	23.347	24.009
Switzerland	0.997	1.077	0.599	1.048	6.808	0.662	7.728	46.061	9363.45	87.445	1.371	1150.02	3.362	46.535	1.377		32.140	33.052
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.240	1.433	291.33	2.721	0.043	35.78	0.105	1.448	0.043	0.031		1.028
Thailand	0.030	0.033	0.018	0.032	0.206	0.020	0.234	1.394	283.29	2.646	0.041	34.79	0.102	1.408	0.042	0.030	0.972	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 25, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	23	**ALL COUNTRY (AC) WORLD***	296.89	-0.49%	**30.4%**	25.7%
2.60	24	**World (Developed Markets)**	1,160.14	-0.49	**26.1**	21.2
1.90	1638	**World Small Cap**	184.73	-0.65	**37.6**	33.1
2.70	20	**Kokusai (World ex-Japan)**	1,156.03	-0.48	**29.5**	22.9
3.10	25	**EAFE**	1,576.77	-0.88	**27.4**	27.3
2.30	19	**Emerging Markets (EM)**	972.18	-0.51	**71.4**	70.4
2.70	24	**AC ASIA PACIFIC EX-JAPAN**	407.95	-0.98	**64.9**	67.4
2.20	25	**AC Far East ex-Japan**	440.23	-0.83	**61.4**	67.6
1.30	40	**Japan**	516.11	-1.03	**-2.6**	-4.2
2.10	20	**China**	65.79	-1.38	**61.3**	85.9
0.90	37	**China A (China Domestic)**	3,362.14	-3.38	**93.8**	114.6
2.60	23	**Hong Kong**	10,060.07	-0.89	**53.5**	57.2
1.00	19	**India**	692.69	-0.19	**87.6**	81.0
0.90	24	**Korea**	458.32	-0.90	**49.3**	44.9
2.60	21	**Malaysia**	472.09	0.21	**47.0**	49.1
3.30	16	**Singapore**	1,556.14	-0.84	**56.1**	55.9
2.70	377	**Taiwan**	279.47	0.38	**61.2**	50.2
3.10	19	**Thailand**	275.41	-1.89	**48.8**	61.0
4.10	22	**Australia**	962.44	-0.72	**25.8**	16.1
5.10	17	**New Zealand**	84.31	-0.61	**11.1**	7.5
1.90	32	**US BROAD MARKET**	1,216.57	-0.09	**23.8**	15.5
3.50	17	**EUROPE**	85.87	-0.67	**23.7**	10.1

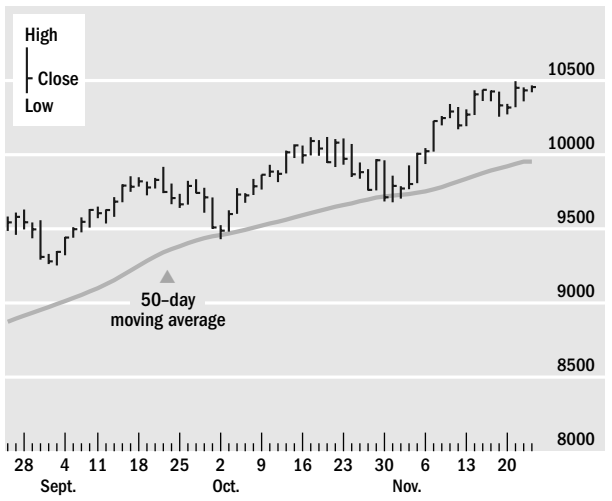
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10456.16** ▲ 22.45, or 0.22%
YEAR TO DATE: ▲ **1,679.77, or 19.1%**
OVER 52 WEEKS ▲ **1,729.55, or 19.8%**



Nasdaq Composite Index P/E: 44*

LAST: **2176.07** ▲ 6.89, or 0.32%
YEAR TO DATE: ▲ **599.04, or 38.0%**
OVER 52 WEEKS ▲ **643.97, or 42.0%**

S&P 500 Index P/E: 71

LAST: **1108.23** ▲ 2.58, or 0.23%
YEAR TO DATE: ▲ **204.98, or 22.7%**
OVER 52 WEEKS ▲ **220.55, or 24.8%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**7.80**	$27.29	0.19	**0.70%**
Alcoa	AA	**7.00**	13.07	0.15	**1.16**
AmExpress	AXP	**3.50**	41.68	0.24	**0.58**
BankAm	BAC	**43.50**	16.03	-0.07	**-0.43**
Boeing	BA	**0.90**	52.58	0.61	**1.17**
Caterpillar	CAT	**3.50**	59.22	1.22	**2.10**
Chevron	CVX	**2.80**	79.69	0.66	**0.84**
CiscoSys	CSCO	**10.50**	23.83	0.09	**0.38**
CocaCola	KO	**3.10**	58.19	0.00	**0.00**
Disney	DIS	**4.10**	30.52	0.29	**0.96**
DuPont	DD	**1.10**	35.31	0.64	**1.84**
ExxonMobil	XOM	**6.10**	76.45	0.48	**0.63**
GenElec	GE	**23.80**	16.18	0.06	**0.37**
HewlettPk	HPQ	**5.80**	50.23	0.04	**0.08**
HomeDpt	HD	**5.50**	27.87	0.31	**1.12**
Intel	INTC	**19.10**	19.37	-0.02	**-0.10**
IBM	IBM	**1.60**	127.48	-0.45	**-0.35**
JPMorgChas	JPM	**13.20**	42.05	-0.43	**-1.01**
JohnsJohns	JNJ	**3.80**	63.29	0.11	**0.17**
KftFoods	KFT	**5.10**	26.79	-0.43	**-1.58**
McDonalds	MCD	**2.10**	64.49	0.27	**0.42**
Merck	MRK	**5.20**	36.62	0.40	**1.10**
Microsoft	MSFT	**14.10**	29.75	-0.16	**-0.53**
Pfizer	PFE	**18.00**	18.47	0.16	**0.87**
ProctGamb	PG	**4.00**	63.05	0.25	**0.40**
3M	MMM	**0.60**	77.84	0.23	**0.30**
TravelersCos	TRV	**0.90**	53.07	-0.03	**-0.05**
UnitedTech	UTX	**1.00**	68.28	0.01	**0.01**
Verizon	VZ	**6.30**	32.02	0.15	**0.47**
WalMart	WMT	**4.00**	55.02	0.17	**0.31**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**99.6**	$4.17	–$0.04	**–0.95%**
SPDR S&P 500	SPY	**51.0**	111.40	0.41	**0.37**
BankAm	BAC	**46.0**	16.03	–0.07	**–0.46**
iShrMSCIEmrgMkt	EEM	**30.3**	41.68	0.41	**0.99**
GenElec	GE	**24.3**	16.19	0.07	**0.43**
Rentech	RTK	**24.3**	1.69	0.44	**35.20**
PwrShrs QQQ	QQQQ	**21.9**	44.19	0.20	**0.45**
DrxFinancBear 3x	FAZ	**21.0**	19.58	0.03	**0.15**
SPDR FnclSelSct	XLF	**21.0**	14.69	–0.01	**–0.07**
Pfizer	PFE	**20.1**	18.47	0.16	**0.87**
BrcadeComm	BRCD	**19.8**	7.27	0.17	**2.39**
Intel	INTC	**19.7**	19.38	–0.01	**–0.05**
iShrRu2000	IWM	**18.0**	59.57	0.23	**0.39**
FordMotor	F	**17.1**	8.84	0.03	**0.34**
Incyte	INCY	**16.5**	8.50	0.78	**10.10**

Biggest gainers...

QAD Inc	QADI	**681.8**	$5.71	$1.36	**31.26%**
ChinaBAK	CBAK	**1,818.4**	3.23	0.41	**14.54**
GeoglblRes	GGR	**602.2**	2.40	0.27	**12.68**
Ener1	HEV	**1,067.1**	6.07	0.65	**11.99**
DeerConsProd	DEER	**93.5**	17.00	1.80	**11.83**

...Biggest losers

Benihana A	BNHNA	**627.5**	$3.50	-$1.69	**-32.56%**
Benihana	BNHN	**55.8**	3.80	-1.75	**-31.53**
Dataram	DRAM	**1,685.8**	4.19	-1.20	**-22.26**
FstUtd	FUNC	**14.2**	6.16	-1.35	**-17.92**
TelBrasl ADS	TBH	**1,195.5**	5.85	-1.15	**-16.43**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.72	**Taiwan Semi**	TSM	**2,953.5**	$10.51	0.10	**0.96%**
77.25	30.63	**BHP Billiton**	BHP	**1,599.8**	77.13	2.84	**3.82**
3.87	1.62	**Utd Microelectronics**	UMC	**1,427.0**	3.55	0.04	**1.14**
11.73	5.31	**AU Optrncs**	AUO	**1,369.9**	10.25	0.36	**3.64**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**858.3**	5.14	-0.02	**-0.39**
9.50	3.96	**Nomura Hldgs**	NMR	**695.7**	6.68	0.03	**0.45**
59.22	40.20	**China Mobile**	CHL	**679.0**	48.79	-0.14	**-0.28**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**603.3**	6.94	0.03	**0.43**
18.80	12.59	**SK Telecom**	SKM	**552.7**	17.40	0.22	**1.28**
52.99	21.87	**Infosys Tech**	INFY	**519.4**	52.81	1.02	**1.97**
15.95	8.56	**China Unicom**	CHU	**419.4**	13.85	0.19	**1.39**
32.99	17.35	**Honda Motor**	HMC	**400.5**	31.68	1.33	**4.39**
78.88	36.22	**China Life Ins**	LFC	**358.7**	78.74	2.81	**3.70**
30.82	15.64	**Sony**	SNE	**335.3**	27.50	0.88	**3.31**
32.79	9.38	**Aluminum Cp of China**	ACH	**251.6**	28.70	0.90	**3.24**
19.56	15.05	**ChunghwaTel**	CHT	**220.8**	17.99	-0.04	**-0.22**
150.50	47.09	**POSCO**	PKX	**174.9**	125.10	4.43	**3.67**
20.55	4.43	**Yanzhou Coal Mining**	YZC	**172.1**	20.49	0.43	**2.16**
87.67	55.41	**Toyota Motor**	TM	**155.8**	77.51	1.46	**1.92**
7.10	2.00	**Alumina**	AWC	**152.8**	6.05	0.09	**1.51**
15.29	6.85	**Korea Elec Pwr**	KEP	**146.5**	14.30	0.01	**0.07**
94.00	46.45	**China Petro & Chem**	SNP	**135.6**	87.35	1.03	**1.19**
41.25	21.23	**Canon**	CAJ	**103.6**	38.19	0.55	**1.46**
167.15	66.52	**CNOOC**	CEO	**99.7**	161.31	1.76	**1.10**
135.92	63.94	**PetroChina**	PTR	**97.6**	129.26	1.32	**1.03**
4.63	1.36	**Adv Semi Engrg**	ASX	**81.1**	4.23	0.02	**0.48**
17.66	10.46	**KT Corp**	KTC	**80.5**	17.26	0.14	**0.82**
20.35	13.11	**NTT DoCoMo**	DCM	**63.5**	14.86	0.22	**1.50**
9.82	5.43	**Telecom Corp of NZ**	NZT	**56.1**	9.04	0.02	**0.22**
48.67	23.84	**Hitachi**	HIT	**49.8**	27.12	-0.72	**-2.57**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

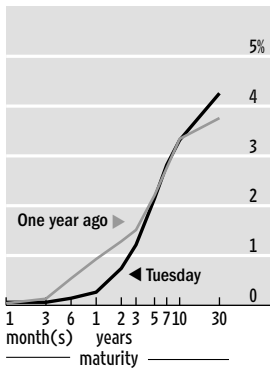
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.490%**	**374.8**	369.2	390.9	**203.4**	**4.450%**	4.925%	**3.228%**
4.500	10	**5.457**	**212.5**	206.7	230.7	**158.0**	**5.410**	5.793	**4.691**
5.250	**Austria** 2	**0.959**	**21.7**	16.2	2.7	**112.9**	**0.920**	1.043	**2.323**
4.350	10	**3.580**	**24.8**	26.7	20.1	**89.5**	**3.610**	3.687	**4.006**
3.500	**Belgium** 2	**1.135**	**39.3**	33.5	18.4	**145.8**	**1.093**	1.200	**2.652**
4.000	10	**3.635**	**30.3**	30.3	23.1	**96.7**	**3.646**	3.717	**4.078**
1.250	**Canada** 2	**1.157**	**41.5**	46.7	33.7	**58.0**	**1.225**	1.353	**1.774**
3.750	10	**3.286**	**-4.6**	-0.8	2.1	**28.5**	**3.335**	3.507	**3.396**
4.000	**Denmark** 2	**2.190**	**144.8**	141.0	140.0	**253.1**	**2.168**	2.416	**3.725**
4.000	10	**3.629**	**29.7**	26.0	21.8	**81.5**	**3.603**	3.704	**3.926**
1.500	**France** 2	**1.278**	**53.6**	49.0	42.4	**137.9**	**1.248**	1.440	**2.573**
3.750	10	**3.513**	**18.1**	16.9	14.0	**67.6**	**3.512**	3.626	**3.787**
1.250	**Germany** 2	**1.359**	**61.7**	56.4	36.9	**105.0**	**1.322**	1.385	**2.244**
3.250	10	**3.260**	**-7.2**	-9.0	-14.8	**26.3**	**3.253**	3.338	**3.374**
0.550	**Hong Kong** 2	**0.538**	**-20.4**	-20.9	-48.6	**-34.0**	**0.549**	0.530	**0.854**
2.640	10	**2.314**	**-101.8**	-102.4	-117.5	**-136.5**	**2.319**	2.311	**1.746**
3.750	**Italy** 2	**1.581**	**83.9**	76.8	60.5	**204.6**	**1.526**	1.621	**3.240**
4.250	10	**4.056**	**72.4**	70.8	57.1	**134.3**	**4.051**	4.057	**4.454**
0.300	**Japan** 2	**0.240**	**-50.2**	-50.8	-73.6	**-57.9**	**0.250**	0.280	**0.615**
1.300	10	**1.310**	**-202.2**	-203.8	-213.6	**-162.1**	**1.305**	1.350	**1.490**
4.000	**Netherlands** 2	**0.965**	**22.3**	18.5	1.3	**117.7**	**0.943**	1.029	**2.371**
4.000	10	**3.486**	**15.4**	15.3	12.8	**65.8**	**3.496**	3.614	**3.769**
3.200	**Portugal** 2	**1.243**	**50.1**	46.1	29.8	**183.9**	**1.219**	1.314	**3.033**
4.750	10	**3.801**	**46.9**	44.3	40.8	**98.9**	**3.786**	3.894	**4.100**
5.350	**Spain** 2	**1.405**	**66.3**	62.0	51.8	**157.7**	**1.378**	1.534	**2.771**
4.300	10	**3.820**	**48.8**	47.3	38.3	**80.0**	**3.816**	3.869	**3.911**
4.000	**Switzerland** 2	**0.476**	**-26.6**	-28.9	-45.7	**10.2**	**0.469**	0.559	**1.296**
3.000	10	**1.914**	**-141.8**	-136.1	-134.0	**-90.9**	**1.982**	2.146	**2.202**
3.250	**U.K.** 2	**1.208**	**46.6**	48.8	-10.0	**98.3**	**1.246**	0.916	**2.177**
4.500	10	**3.632**	**30.0**	31.0	18.7	**76.2**	**3.653**	3.673	**3.873**
0.750	**U.S.** 2	**0.742**	**...**	...	...	**...**	**0.758**	1.016	**1.194**
3.375	10	**3.332**	**...**	...	...	**...**	**3.343**	3.486	**3.111**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.257%**	16.73	0.08%	–2.63%	–21.12%	–4.57%
10-year Treasury	**3.317**	8.41	0.89	0.50	–5.69	3.54
7 Year Treasury	**2.818**	6.20	1.26	1.37	...	...
Five-year Treasury	**2.145**	4.72	1.15	1.55	1.52	5.63
Ryan Index	**2.416**	6.82	0.78	0.46	–3.96	3.15
3 Year Treasury	**1.214**	2.91	0.83	1.16	2.23	4.16
Two-year Treasury	**0.742**	1.98	0.47	0.77	1.91	3.19
1 Year Treasury	**0.264**	0.98	0.17	0.29	1.04	1.72
Six-month Treasury	**0.142**	0.50	0.04	0.07	0.64	0.98
Ryan Cash Index-a	**0.132**	0.45	0.06	0.10	0.54	0.80
Three-month bill	**0.061**	0.25	0.01	0.04	0.35	0.37
One-month bill	**0.061**	0.07	...	0.01	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.675
Britain	**0.50**	3.00
ECB	**1.00**	3.25
Switzerland	**0.53**	2.02
Australia	**3.50**	5.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23406%**	1.43125%
Three month	**0.25563**	2.18125
Six month	**0.47813**	2.54375
One year	**1.00500**	2.71750

	Latest	52 wks ago
Euro Libor		
One month	**0.41125%**	3.37125%
Three month	**0.67813**	3.90625
Six month	**0.97500**	3.96250
One year	**1.22125**	4.01375
Hibor		
One month	**0.05857**	0.99357%
Three month	**0.11000**	1.94929
Six month	**0.29643**	2.24929
One year	**0.57786**	2.44643
Asian dollars		
One month	**0.2445%**	1.46%
Three month	**0.2683**	2.1890
Six month	**0.4863**	2.5840
One year	**1.0138**	2.7680

	Offer	Bid
Eurodollars		
One month	**0.2800%**	0.1800%
Three month	**0.3400**	0.2400
Six month	**0.4500**	0.3500
One year	**1.2500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.18%**	0.375
U.K. (BBA)	**0.480**	2.717
Euro zone	**0.36**	2.87

Sources: WSJ Market Data Group; Reuters

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Japan's latest issue: Why buy new shares?

Were this a movie in production, the marquee actor would be storming off the set screaming, "There's no story line. What's my motivation?"

Things are no less dramatic on stock-trading floors across Japan. Companies there have been demanding substantial sums from investors without a compelling story about how they'll put the money to use. Follow-on offerings have totaled $40 billion this year, the largest amount in two decades, according to Dealogic.

In response, investors have stormed off. Down 16% since this year's August high, the broad Topix index is now in the red for 2009, unlike most major markets in the world. Another month like November and the Nikkei Stock Average will end this year with a loss.

It isn't just the dilution and drain on investors that are weighing on stocks. Uncertainty about Japan's new government, a strong yen eroding exporters' profits and deflation undermining everyone else's are all reasons not to own Japanese stocks.

But the issuance overhang could have long legs. Since 1992, equity issuance—including initial public offerings—over a six-month period has reached 1% of Japan's total market capitalization just four times, says Ajay Kapur at Mirae Asset Securities. In three of those four cases, the Nikkei 225 fell for the 12 months that followed. Absent a strong inflow of funds from investors, this could happen again. In the six months through October, equity issuance totaled $32 billion, or 0.98% of market cap.

> It all adds up to a compelling argument to stay away from Japanese stocks.

The issuance will continue. Just last week, **Mitsubishi UFJ Financial Group** and **Hitachi** added nearly $16 billion to the pipeline. A herd mentality among the issuers, and fear that bank lending could tighten with stricter capital rules, means more cash calls should follow.

There is some good news. Some of the selling has come as companies cut their exposure to shares of other Japanese firms, called cross-shareholdings. Banks have been net sellers since January, the Tokyo exchange says.

The cross-shareholdings are a particular problem as stock prices fall, driving companies—especially banks—to raise funds to fill balance-sheet holes. So this selling is a welcome development, though it offers little respite to shareholders today.

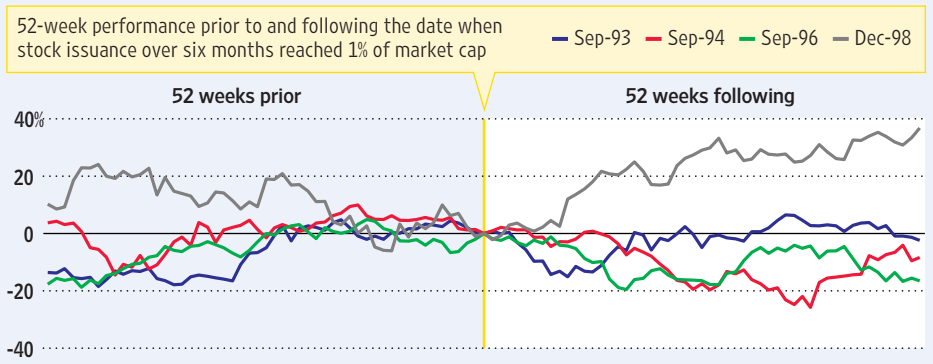
It all adds up to a compelling argument to stay away from Japanese stocks, at least in the aggregate. To this, the companies aren't offering much of a reply. Like their peers, both MUFG and Hitachi gave only vague explanations of why they need the funds.

Unfortunately for Japan, though, this isn't La-La land. This is reality.

—James Simms

Overstocked

After Japanese stock sales in six months have equaled 1% of the market's value, the Nikkei Stock Average of 225 companies has tended to perform poorly.



Sources: Mirae Asset Securities; Bloomberg News (photo)

Vietnam swerves off course, devaluing the dong

Vietnam is often called the new China. In fact, it is the opposite.

China is facing pressure to let its currency rise, while it adds to its already vast foreign-currency reserves. Vietnam, by contrast, has been under intense pressure to devalue its currency against the dollar and burning through its stock of greenbacks to avoid doing so.

On Wednesday, the State Bank of Vietnam folded, setting the dollar-dong exchange rate at 17,961 dong per dollar, a 5.4% devaluation and the second such move this year. It also raised its benchmark interest rate by a percentage point to 8%.

These moves weren't too much of a surprise—and now more devaluation could be in the cards.

The country's trade deficit has been growing at a rate of $2.2 billion a month this year, while foreign direct investment has slumped to nearly a quarter of its level at the same stage in 2008. Defending the dong was a drain on foreign-exchange reserves. They are down to $16.5 billion from $22 billion at the start of 2009, analysts estimate.

Still, a devaluation will add to inflationary pressures—the consumer-price index rose 4.4% in November—and make things tough for the manufacturing sector, which relies on imports of intermediate goods.

Such pressures have Vietnam's policy makers in a spin. The central bank recently said it had no plans to devalue the dong. At the end of October, it said interest rates would be on hold until year's end.

The lack of credibility created by Wednesday's move could add to pressure on the currency, says Standard Chartered. The bank expects a dollar to be worth 18,500 dong by the end of this year and 19,000 dong by the end of 2010.

Such moves would further call into doubt the central bank's ability to stick to its avowed steady exchange-rate policy—another stark contrast with China.

—Andrew Peaple

WEEKEND JOURNAL. ASIA

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MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Wednesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 9441.64
▲ **0.43% or 40.06**

Improved trade data pushed up battered auto makers, offsetting losses in real-estate stocks after a report that a major condominium developer had filed for bankruptcy.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**93.78**	154	unch	...
JapanAirlines	**72.20**	90	3	3.45
Mtshbsh Fin Grp	**70.31**	455	–3	–0.66
Toshiba	**60.13**	450	unch	...
Mitsui Chem	**59.13**	202	–3	–1.46

CBN 600
China 29452.61
▲ **2.48% or 712.08**

Shares recovered from the previous session's slide, but concerns over a possible tightening of monetary policy remained. Shandong Gold Mining rose by the 10% daily limit.

Stock	Volume in millions	Close	Change Net	Change %
Zijin Mining	**581.85**	10.98	0.67	6.50
China State Con	**539.55**	5.00	0.04	0.81
BaoshanIron&Steel	**299.12**	8.93	0.70	8.51
InnerMoBaotouSteel	**292.82**	5.26	0.08	1.54
Icbc	**258.11**	5.33	0.01	0.19

Hang Seng
Hong Kong 22611.80
▲ **0.84% or 188.66**

Bargain hunting in property shares led the index higher, but declines in Chinese financial firms capped the gains. Sany Heavy Equipment surged 46% on its first day of trading.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**1109.20**	4.48	–0.14	–3.03
Icbc	**539.43**	6.80	–0.05	–0.73
CCB	**501.23**	7.15	unch	...
Bank of Comm	**125.05**	9.38	–0.18	–1.88
PetroChina	**95.15**	10.06	0.22	2.24

ASX 200
Australia 4722.23
▲ **0.79% or 37.18**

BHP Billiton accounted for one-third of the index's rise. The stock gained 2.4% after a broker said the company wouldn't launch another bid for Rio Tinto.

Stock	Volume in millions	Close	Change Net	Change %
Elders Limited	**132.39**	0.16	unch	...
Alumina	**96.13**	1.62	–0.01	–0.62
Boart Longyear	**64.75**	0.33	unch	...
Telstra	**60.13**	3.38	0.09	2.74
Ing Industrial	**49.45**	0.46	0.01	2.25

Asian stocks in the news

Japan Airlines
Japan ¥90
▲ **3.4% or ¥3**

The airline reached an agreement with DBJ for bridge loans to sustain its flight operations.

Price-to-earnings ratio			**None**
Earnings per share, past four quarters			**-73.20**
Dividend yield			**None**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**1.4%**	-0.1%	11.0%
Japan Airlines	**3.4%**	-8.2%	-58.5%

Henderson Land Dev
Hong Kong HK$55.80
▲ **3.5% or HK$1.60**

Investors decided the stock's decline Tuesday put the share price at bargain levels.

Price-to-earnings ratio			**22**
Earnings per share, past four quarters			**2.58**
Dividend yield			**1.1**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.5%**	-1.1%	53.8%
Henderson Land Dev	**3.5%**	1.8%	113.0%

Nissan Motor
Japan ¥637
▲ **3.9% or ¥24**

Short-covering kicked in after the stock's recent decline.

Price-to-earnings ratio			**290**
Earnings per share, past four quarters			**2.20**
Dividend yield			**None**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**2.5%**	-0.7%	51.5%
Nissan Motor	**3.9%**	-0.9%	89.0%

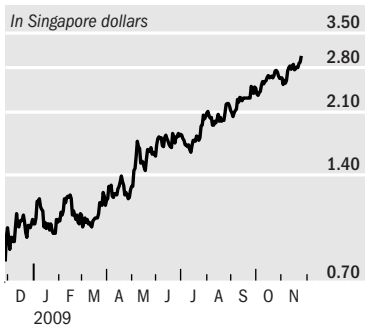
Kawasaki Hvy Inds
Japan ¥210
▲ **4.0% or ¥8**

Citigroup upgraded the stock to "buy/high risk," citing prospects for strong profit growth.

Price-to-earnings ratio			**117**
Earnings per share, past four quarters			**1.80**
Dividend yield			**1.4**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.4%**	0.1%	54.9%
Kawasaki Hvy Inds	**4.0%**	1.9%	11.7%

Noble Grp
Singapore S$3.02
▲ **4.1% or S$0.12**

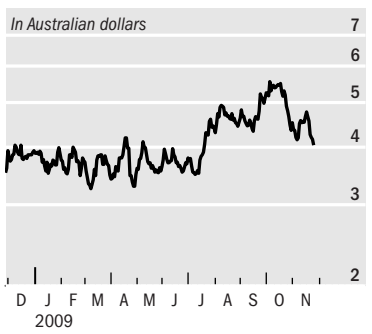
The commodity stock cleared S$3 for the first time this year.



Price-to-earnings ratio			**12**
Earnings per share, past four quarters			**0.26**
Dividend yield			**2.2**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.4%**	0.1%	54.9%
Noble Grp	**4.1%**	8.6%	277.5%

Aristocrat Leisure
Australia A$4.04
▼ **2.9% or A$0.12**

The gaming-machine maker said U.S. bondholders were seeking damages tied to a five-year-old lawsuit.



Price-to-earnings ratio			**None**
Earnings per share, past four quarters			**n.a.**
Dividend yield			**1.1**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**1.4%**	-0.1%	11.0%
Aristocrat Leisure	**-2.9%**	-13.3%	14.8%

Shinsei Bank
Japan ¥95
▼ **3.1% or ¥3**

The market sold bank shares on expectations of further share issuance to raise capital.

Price-to-earnings ratio			**19**
Earnings per share, past four quarters			**4.90**
Dividend yield			**1.1**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**0.7%**	-1.5%	50.5%
Shinsei Bank	**-3.1%**	-12.0%	-33.6%

Nomura Real Est
Japan ¥1,213
▼ **3.2% or ¥40**

The stock slid after unlisted developer Anabuki Construction filed for bankruptcy.

Price-to-earnings ratio			**23**
Earnings per share, past four quarters			**52.50**
Dividend yield			**3.3**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**0.5%**	-1.1%	53.8%
Nomura Real Est	**-3.2%**	-1.5%	-7.5%

Kawasaki Kisen Kaisha
Japan ¥259
▼ **3.7% or ¥10**

Uncertainty over the earnings outlook left the Japanese shipper's shares weak.

Price-to-earnings ratio			**None**
Earnings per share, past four quarters			**-123.70**
Dividend yield			**None**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.4%**	0.1%	54.9%
Kawasaki Kisen Kaisha	**-3.7%**	-9.4%	-25.4%

Nippon Yusen K.K.
Japan ¥275
▼ **4.8% or ¥14**

Investors grew sensitive to the company's plans for dilutive stock financing.

Price-to-earnings ratio			**None**
Earnings per share, past four quarters			**-15.90**
Dividend yield			**1.5**
	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**1.4%**	0.1%	54.9%
Nippon Yusen K.K.	**-4.8%**	-8.6%	-40.3%

MARKETS

Would a Hershey-Cadbury deal hurt children?

[Deal Journal]

By Michael Corkery

Milton Hershey, founder of **Hershey** Co., had no children, so he said he would make the "orphan boys of the United States" his heirs.

To that end, the chocolatier established the Milton Hershey School, which today serves 1,700 underprivileged children and has an endowment of $6.2 billion. In 2005, it was the fifth-largest educational endowment in the U.S., about half the size of Princeton University's or Stanford University's but larger than that of Massachusetts Institute of Technology.

And yet Robert Sitkoff, the John L. Gray Professor of Law at Harvard Law School, who focuses on trust law, says the Trust, which controls the chocolate company and has nearly half its assets tied up in Hershey stock, has been problematic not just for Hershey but also for the students at the school. "It exposes needy students to the volatility of a portfolio heavily weighted on one company," Mr. Sitkoff says. "Can you imagine if Princeton said it was investing half of its endowment in Apple stock?"

The Trust has obstructed big M&A deals involving Hershey for fear of endangering the school's nest egg. And yet the Trust now appears to be moving toward supporting a bid for Cadbury to top Kraft's $16.7 billion.

The Trust remains unfazed by Mr. Sitkoff's critique. "The Trust has a longstanding practice that it will not sell its controlling interest in Hershey Company," a Trust spokesman said.

To get a better sense of the Trust's duties in any deal, Deal Journal spoke to Mr. Sitkoff, who co-wrote a paper in the Columbia Law Review last year about what he said were problems with the Hershey Trust's current structure.

Deal Journal: Can the Trust pull off an acquisition of Cadbury?

Harvard Law School

Harvard Law Prof. Robert Sitkoff

Mr. Sitkoff: It's stunning but happy news that the trustees are interested in doing a deal. What I don't understand is how Hershey can swallow another company without taking on a lot of debt, which will increase the risk borne by the trust. Not only will the trust have a large percentage of its assets in one company's stock, but that company will be loaded with debt. And as we have been reminded lately, debt holders stand in line before equity holders.

DJ: Is there another scenario where the Trust could take less risk?

Mr. Sitkoff: Hershey could use stock to acquire Cadbury, but that could dilute the Trust's voting control, which would trigger [a review by] the Pennsylvania attorney general.

DJ: What should the AG do?

Mr. Sitkoff: If I were the AG, I would want the Trust's holdings diversified as soon as possible. It may make sense for Hershey to take over Cadbury, financing the deal with debt. But the Trust is not diversified, it isn't like a normal, well-diversified and therefore risk-neutral investor. The Trust's lack of diversification is the fundamental problem behind everything here.

DJ: What's wrong with the way the state government oversees the trust. Aren't they looking out for the best interest of the students?

Mr. Sitkoff: After the Trust tried to diversify in 2002, the Pennsylvania legislature enacted an amendment to the state's prudent investor rule that requires the trustees to get approval from the attorney general (or the court) to sell the Trust's controlling interest. In effect, the state co-opted this nationally subsidized trust (it enjoys a federal tax exemption) for takeover protection for a local company.

But the Trust's charitable purpose is to provide for needy children.

If the Trust had been allowed in 2002 to sell and realize the control premium that was then on the table, think how many more students the Trust could care for now.

Its charitable purpose is not perpetual takeover protection. It is to board and teach needy children.

Some journeys change mankind forever. Sally Ride, first American woman in space. Buzz Aldrin, Apollo 11, first steps on the moon in 1969. Jim Lovell, Apollo 13, commander.

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